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ABSTRACTS

Decision Process, Choice, and Consequences: Israel's Deep-Penetration Bombing in Egypt, 1970

By A. SHLAIM and R. TANTER

Weapons systems have a great impact on national security decision making. In particular, the use of air power for political coercion or "compellence" is a tempting option when a nation has overwhelming aerial capabilities relative to an opponent. Israel's decision to launch air attacks deep within Egypt during the 1970 War of Attrition suggests that coercive bombing may not yield expected benefits and effect unanticipated costs. The decision process that produced the bombing choice was characterized by inadequate search for alternatives; conservative revision of opinion; faulty evaluation of consequences in terms of likelihood, benefits, and costs; a failure to consider value trade-offs between military and political dimensions; and overestimation of the probability of preferred outcomes, coupled with underestimation of the likelihood of undesirable outcomes.

Japan's Multinational Enterprise: The Political Economy of Outward Dependency

By T. OZAWA

Japan has suddenly emerged as a powerful home country for multinational corporations, offering a new form of competition in the world market. She is making all-out efforts to set up manufacturing operations overseas, in addition to ventures in extractive industries in which Japan, as a resource-poor country, is naturally interested. For a number of reasons, Japan has taken up direct overseas production as a *national desideratum*, even though the majority of individual firms are not ready to do so on their own. A variety of governmental measures have been taken to defray part of the private costs and to realize the social benefits of overseas investment. The article explores how and why Japanese industry has suddenly gone multinational; it examines the sources of competitiveness in this new form of international economic activity, and points out that overseas investment is now an integral part of Japan's strategy for economic growth and of her foreign economic diplomacy.

Great Britain: The Illusion of Governmental Authority

By N. H. KEEHN

The capacity of the British Government to pursue and achieve economic purposes under liberal managed capitalism without the consent, cooperation, or passive acquiescence of organized producer groups is inherently limited. The ineluctable fact is that the British Government is dependent on the holders of economic power for achieving economic purposes. For this reason, national policy makers enter into partnership arrangements and contractual relationships with vital corporatist forces. Deliberate, premeditated, collaborative action is needed to ensure correlation between the government's intentions and achievements. *Concertation*, which represents a partnership between the public and private sectors as well as cooperative give-and-take in reaching agreements on economic objectives, enables the government to govern.

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Religion, Political Culture, and the Weberian Tradition

By D. D. LAITIN

A summary and reinterpretation of Weber's *Sociology of Religion* and *The Protestant Ethic and the Spirit of Capitalism* provides the framework within which four contemporary studies in political culture, which purport to be in the Weberian tradition, are examined. The framework distinguishes three levels of analysis in which "religion," as a social fact, can be defined. The social, economic, or political consequences that can be attributed to religious adherence are different depending on the doctrine of the charismatic founder, the practical religion, or the practical religion of the converted. The author suggests a new, perhaps more fruitful agenda for research based on the methodological arguments of the paper.

Industrial Modernization and Political Change: A Latin American Perspective

By D. COLLIER

The recent emergence of harshly repressive military governments in several of the industrially most advanced nations of Latin America has called into question earlier hypotheses of modernization theory regarding the links between socioeconomic modernization and democracy. Guillermo O'Donnell has made an important contribution to explaining this new authoritarianism and to using the recent Latin American experience as a basis for proposing a major reformulation of the earlier hypotheses. Yet O'Donnell's analysis requires significant modification if its potential contribution is to be realized. Highly aggregated conceptual categories such as "bureaucratic-authoritarianism" should be abandoned, and his explanatory framework should be broadened to explicity incorporate the crucial political differences among Latin American countries, as well as the impact of the international economic and political system. A revised explanation for the rise of authoritarianism is presented to illustrate how some of these modifications could be applied in future research on political change in Latin America.

Soviet Views of "The Scientific-Technological Revolution"

By E. P. HOFFMANN

The author analyzes recent efforts by Soviet and East European theorists to explain the interrelationships among science, technology, and social change in socialist and capitalist countries, and to understand the role that scientific and technical advances are playing and can play in the transition to new forms of "developed socialism." Theories of "the scientific-technological revolution" are examined from various perspectives: their intellectual content, their social and ideological functions, and the reciprocal influences of ideas, policy, and administrative practice. This essay brings to the attention of Western readers a type of literature strongly encouraged by contemporary Soviet leaders; it is a major evolving component of Marxism-Leninism, and may be influencing or reflecting some of the changing policies and attitudes of communist political elites.

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BY BENNETT RAMBERG

Combatants are likely to contemplate destruction of nuclear energy installations which could result in the release of significant radioactive products into the environment. Although international law could be an effective means to reduce such acts, it is inadequate as currently conceptualized. As a remedy, the author proposes an international convention that prohibits both the release and the threat to release radionuclides contained in energy facilities.

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DECISION PROCESS, CHOICE, AND CONSEQUENCES:
Israel's Deep-Penetration Bombing in Egypt, 1970

By AVI SHLAIM and RAYMOND TANTER

OF the long series of wars generated in the course of the Arab-Israeli conflict—1948, 1956, 1967, 1969–70, and 1973—the 1969–1970 War of Attrition between Egypt and Israel is the least spectacular and, presumably for this reason, also the one most neglected by military historians. But the War of Attrition is neither uninstructive from the point of view of strategic studies nor insignificant in terms of its actual consequences; for these reasons, it deserves a more detailed and sustained study than it has received.[1] The present article cannot fill this gap. This essay is concerned only with the last phase of the War of Attrition and focuses specifically on a decision which had the most crucial influence not only on the manner in which this war ended, but on the whole military and political course of the Arab-Israeli conflict as well as the involvement of the superpowers in this conflict. It is concerned with Israel's decision to start bombing the Egyptian interior in January 1970. The purpose is to describe and analyze the process of decision making that produced the bombing; to evaluate the bombing in terms of the expectations and preferences that prompted it, as well as the consequences that followed; and, finally, to use this inquiry to highlight some broader aspects of Israel's system of making national security policy.

The War of Attrition

Military clashes between Egypt and Israel occurred intermittently from the end of the Six-Day War in June 1967 until the spring of 1969. But the large-scale and systematic Egyptian offensive mounted in March 1969 marked the beginning of the War of Attrition. On March 31, President Nasser denounced the U.N.-decreed cease-fire; on June 23, he formally declared the War of Attrition. The immediate goal was to prevent the conversion of the Suez Canal into a *de facto* border, while

[1] The literature available in English includes Ahmed S. Khalidi, "The War of Attrition," *Journal of Palestine Studies*, III, No. 1 (1973); Edgar O'Ballance, *The Electronic War in the Middle East 1968–70* (London: Faber 1974); Lawrence L. Whetten, *The Canal War: Four-Power Conflict in the Middle East* (Cambridge: The M.I.T. Press 1974); and Edward Luttwak and Dan Horowitz, *The Israeli Army* (London: Allen Lane 1975).

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the ultimate goal was to force Israel to withdraw from the Canal or accept a political settlement on Arab terms. The military strategy adopted for this purpose consisted of heavy artillery bombardment of Israel's positions on the Canal front, occasional air attacks, and hit-and-run commando raids. The idea was to take advantage of Egypt's massive superiority in manpower and artillery and Israel's comparative disadvantage in static warfare and well-known sensitivity to casualties in order to exhaust her militarily, economically, and psychologically, and thus pave the way to an Egyptian crossing to dislodge Israel from the Canal.

Israel's response was partly defensive and partly offensive. The Bar-Lev line was reinforced to enable it to withstand the intensive Egyptian bombardment; at the same time, commando raids were launched deep inside Egyptian territory. The Israel Defence Forces (IDF) were able to demonstrate their daring and resourcefulness in these raids, but they provided no effective solution to the problem of checking the Egyptian offensive. As the number of Israel's casualties increased steadily (reaching the high figure of 31 dead and 81 wounded during July), so did the pressure to respond with overwhelming military force. The chief advocate of the use of Israel's superior air power to compel Egypt to desist was the head of the General Staff Division of IDF and former commander of the Air Force, General Ezer Weizman.[2] But the majority of Weizman's colleagues in the General Staff as well as in the Cabinet were not convinced that the time had come to resort to overwhelming air power. They argued that if Egypt was planning to go to war, then Israel's limited and not easily replaceable stock of aircraft must be preserved to meet this contingency and not frittered away in premature and inessential operations. In May, the Defence Minister, Moshe Dayan, rejected the early proposals for using the Israel Air Force (IAF) against ground targets in Egypt. He preferred to avoid escalation until the event of some drastic Egyptian operation, such as an attempt to cross the Canal.[3]

By mid-July 1969, following four months of intensive but inconclusive warfare, Israel's decision makers concluded that the air force would have to be used on the southern front. They did not ignore the operational problems and the risks of adverse reaction on the part of the superpowers; but they expected that the Egyptians were planning

[2] See the autobiography of Weizman, *On Eagles' Wings* (London: Weidenfeld and Nicolson 1976), 271.

[3] Zeev Shiff, *Knafayim me'al Suez: Sipuro shel cheil ha'avir bemilhemet ha-hatashah* [Wings Over Suez: The Story of the Air Force in the War of Attrition] (Haifa: Shikmona 1970), 44-46.

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a major campaign or might be pushed into it by the momentum of their soaring offensive. Only the use of the air force could deter Egypt, and disrupt her plans. A particularly effective Egyptian commando raid on July 12 acted as a catalyst. General Dayan's new but strongly held conviction that a calculated risk had to be taken, secured the concurrence of the Cabinet. His stature as a defense expert and political influence were such that it was virtually certain that any proposal Dayan made for military action would be endorsed by his colleagues. On July 13, he sought and received the approval of the Ministerial Defence Committee for the air force to attack Egyptian forts, gun emplacements, and surface-to-air missile (SAM-2) batteries in the northern Canal sector.[4]

Four days later, the IAF went into action with a powerful surprise strike in which it inflicted a heavy blow on the Egyptians' positions and shot down five of their aircraft. The declared aim of this attack and subsequent ones was two-fold: first, to reduce the firing capacity of the Egyptian guns across the Canal, and so lower Israel's casualty rate; and second, to gain mastery of the skies and so deter Egypt from planning a new war.[5] Israel's Chief of Staff, Lieutenant-General Chaim Bar-Lev, summed up this new development in strategy as an attempt to escalate for the purpose of de-escalation.[6]

Israel's air attack of July 20 marked an important turning point in the War of Attrition. It signified the use of the IAF as "flying artillery" to offset and contain Egypt's superior firepower on the ground. But it did not spell the end of the Egyptian offensive. Ezer Weizman urged following up the successful air operation by a major attack, but other officers opposed the continuation of the bombings. In his autobiography, Weizman complained:

> Instead of regarding the air force as one of the components of the war against the Egyptians, instead of committing ground forces and armour on a large scale to pulverize the Egyptian line, with its artillery and missiles, the whole task devolved upon the air force, which came to be considered the sole solution, while the ground forces continued digging in. The Egyptians got used to living under bombing and did not give up their campaign of attrition. They were also reassured by the success of their attempts to lay ambushes in between our fortified positions.[7]

[4] Moshe Dayan, *Story of My Life* (London: Weidenfeld and Nicolson 1976), 366.
[5] "Ups and Down's in Dayan's Defence Strategy," *New Middle East*, No. 18 (March 1970).
[6] Quoted in Arieh Avneri, *Milhemet ha-hatashah* [The War of Attrition] (Tel Aviv: Sifriyat Madim, n.d.), 104.
[7] Weizman (fn. 2), 274.

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Mounting frustration bred some radical thoughts—in particular the notion of breaking the deadlock through bombing of the Egyptian hinterland, which was largely undefended. Weizman was among the early proponents of this idea. In September 1969, when the second wave of Israel's strikes along the Canal and in the Gulf of Suez was taking place, he demanded the extension of the bombing to the Egyptian hinterland. Only in this way could Egypt's will to continue the war be undermined.[8] But Weizman's views did not prevail; as he himself related, "At the General Staff I felt more and more isolated. I repeatedly called for an end to the War of Attrition by sending in ground forces to seize the footholds on the western bank of the Canal, including the capture of Port Said, and by intensifying and extending our bombing raids. But my proposals were not accepted."[9] The General Staff which debated the plan for extending the bombing was not divided into supporters and opponents, but into supporters and doubters. The question was whether the time was right; whether the international reaction—particularly that of the Soviet Union—would not be too severe; and whether the IAF could carry out this mission with only light losses to itself. The doubters did not foresee the ease with which the penetration into Egypt could be accomplished.[10]

The doubts did not preclude the intensified use of the air force in the Canal area. In early September, the IDF launched a systematic counteroffensive which included a daring airborne armored assault well inside Egyptian territory and almost daily bombing of Egypt's positions along the Canal by the IAF. The aims were explained by Dayan: "Both their [the Egyptians'] appetite to conduct current fighting against us and the assumption that they can resort to a full-scale war—both these things are checked by our counter-blows."[11] In the course of this sustained counteroffensive, which reached its climax in late September and early October, the IAF systematically attacked and destroyed Egypt's radar stations, anti-aircraft artillery, surface-to-air missile batteries, and other supporting facilities. By the end of six weeks, the Egyptian air defenses had effectively ceased to exist, and the IAF proceeded to bomb the artillery and troop positions on the west side of the Canal round the clock.[12] The next target was the air defense system between the Canal and the heart of Egypt. By December, the whole Egyptian front

[8] Shiff (fn. 3), 190. [9] Weizman (fn. 2), 275-76. [10] Shiff (fn. 3), 190.

[11] Quoted in Avneri (fn. 6), 215. This and all following translations from the Hebrew are by the authors.

[12] Robert Jackson, *The Israeli Air Force Story* (London: Tom Stacey 1970); O'Ballance (fn. 1), chap. 6; John Bentley, "Inside Israel's Air Force," *Flight International*, March 19 and April 23, 1970; *Haaretz*, January 20, 1970.

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was shattered and the IAF enjoyed complete mastery of the air. Effective resistance from the Egyptian air force had ceased; Egypt's dispersal of her defenses in the face of recurrent Israeli commando raids further reduced military pressure on the Bar-Lev line and forced her to abandon any thoughts of an immediate crossing into Sinai. Egypt was clearly on the defensive, and a defensive war negated the fundamental objective implicit in her launching of the War of Attrition.[13] Egypt's strategy of combining political pressure with military attrition in order to compel Israel to retreat lay in ruins.

Israel's success in checking the Egyptian campaign and recapturing the initiative was clearly reflected in the steady decline of the casualty rate during the second half of 1969. The IDF's losses on the Egyptian front were 106 dead and wounded in July; 65 in August; 47 in September; 56 in October; 39 in November; and 30 in December. During the same period, Egypt lost 32 planes and Israel lost 4.[14] Bar-Lev summed up the outcome of the air offensive and the military situation at the beginning of 1970:

> By introducing the air force, we removed the threat of war. . . . Today, the world and we, and I believe the Egyptians too, are convinced that they are not ready for war. This is the first achievement. The second achievement is that in the Suez Canal a much more convenient situation was created than that which prevailed in the months of March, April and May of last year. This does not mean that all is quiet along the Canal, but at present there is no massive and continuous shelling.[15]

Military success widened the options available to Israel's policy makers. From a position of dominance they could choose between two main courses of action. They could *either* lower their terms for a political settlement, secure in the knowledge that the IDF had won the Canal War and retained military superiority, *or* they could escalate the military pressure and insist that Egypt acknowledge this fact publicly by accepting Israel's unyielding political terms. They decided not to show any leniency and to intensify the pressure against Cairo.[16] The specific form which this escalation took was the deep-penetration bombing inside Egypt, which started on January 7, 1970.

[13] Khalidi (fn. 1).

[14] Brigadier Yehoshua Raviv, "Bitahon Yisrael ba-shana ha-shlishit le-milhemet shesh ha-yamim" [Israel's Security in the Third Year After the Six-Day War], *Ma'arachot*, No. 204 (January 1970). On the importance of casualty levels and air superiority, see Geoffrey Kemp, "Israel and Egypt: Military Force Posture 1967–1972," in F. B. Horton, A. C. Rogerson, and E. L. Warner, eds., *Comparative Defense Policy* (Baltimore: The Johns Hopkins University Press 1973).

[15] Quoted in Mordechai Naor, *Ha-milhamah le'ahar ha-milhamah* [The War after the War] (Published by the Ministry of Defence, n.d.), 101.

[16] Whetten (fn. 1), 89.

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The Decision to Bomb

Two groups of policy makers were responsible for the decisions to initiate strategic bombing of the Egyptian hinterland: political leaders and senior army officers. It must be stressed at the outset that in Israel there is no firm line dividing the political from the military elite. In the 1969 government, a number of ministers had a military background which helped to make them particularly influential in the area of security. This group included Yigal Allon, the Deputy Prime Minister, who had been a distinguished general during the 1948 war; Moshe Dayan, the Defence Minister and former Chief of Staff; and Israel Galili, the Minister without Portfolio, who had been one of the leading security experts of the pre-state Jewish community. The most recent addition to this group was Ezer Weizman, who "parachuted" into the Cabinet as Minister of Transport in December 1969 and regarded his career in the government as a continuation of his military service.[17]

Similarly, the General Staff was not simply an executive arm of the government, nor were its interests and influence confined to technical matters. The military elite was a pressure group which exercised considerable influence on Israel's overall policy in the conflict.[18] The Chief of Staff and the Director of Military Intelligence, sometimes accompanied by other officers, regularly appeared at Cabinet meetings to report and to make policy recommendations. The fact that Military Intelligence was the government's sole source of information and evaluation concerning Arab moves and intentions placed the uniformed spokesmen in a very powerful position. After 1967, the balance between the government and the General Staff in the decision-making process shifted appreciably in the latter's favor. As Abba Eban, then the Foreign Minister, has observed:

> In Dayan's time as Defence Minister this borderline became blurred, that is, the military level brought to the Government not only operational proposals but also strategic plans and nobody engaged in hair-splitting. When the Defence Minister was not an army man, for example in Eshkol's time, the Chief of Staff used to bring proposals and the Cabinet or the Cabinet's Defence Committee would subject them to an in-depth discussion. Dayan, as a former Chief of Staff and a military figure, strengthened one flank and reduced the weight of the Government.[19]

[17] Weizman (fn. 2), 285.

[18] On the role of the military in general, see Amos Perlmutter, *Military and Politics in Israel: Nation Building and Role Expansion* (London: Frank Cass 1969); and Michael Brecher, *The Foreign Policy System of Israel: Setting, Images, Process* (London: Oxford University Press 1972), 134-37.

[19] Interview in *Davar Hashavua* (the weekly supplement of *Davar*), October 18, 1974.

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The General Staff had considered the strategic bombing option as early as September 1969, but doubts concerning its feasibility had led to a negative decision. By the end of the year, however, following the successful air offensive and the recapture of the initiative by the IDF, military leaders became much more confident and more firmly committed to an early victory. The outgoing head of the Southern Command (Sinai), General Yeshayahu Gavish, said in an interview at the end of December that he did not see the War of Attrition against Israel as a war without end, and believed that Israel was well on the way to ending it.[20]

Of paramount importance in removing the early doubts on the possibility of the strategic bombing solution was the arrival from the United States, in September 1969, of the first batch of Phantom aircraft. With the introduction into service of the heavy-weight Phantom F-4, the IAF now had its first supersonic aircraft capable of delivering a considerable payload of ordnance (up to 16,000 pounds fully loaded), with a strike radius of approximately 700 miles. In addition, this multimission aircraft had the speed (Mach 2.4) and high acceleration required for air combat and for breaking off contact; it was fitted with a pod of electronic countermeasures to detect and divert oncoming missiles; and it afforded easy identification of target, and accurate bombing, without needing an umbrella of interceptors.[21] In short, the Phantom was ideally suited for carrying out the kind of deep-penetration bombing that was under consideration in Israel. It gave Israel a potent, long-range offensive capability to which the Egyptians had no answer.

What ultimately determined the advocacy of deep-penetration bombing by Israel's military leaders was not a complex set of calculations but simply the ability to perform the operation. It is difficult for the side which is at a relative disadvantage at the existing level of violence to confine its efforts to that level if it has a potential advantage at a higher level. The temptation is to raise the level of violence in order to realize and demonstrate this potential advantage. This problem is a basic one in controlling limited wars and in the models of controlled nuclear war. In this specific case, Israel's acquisition of the Phantoms gave her a potential for far greater superiority at a higher level of violence than

[20] *Jewish Observer and Middle East Review*, January 16, 1970.

[21] *Jane's All the World's Aircraft 1968–69* (New York: McGraw Hill 1968); Luttwak and Horowitz (fn. 1), 322; Alvin J. Cottrell, "The Role of Air Power in the Military Balance of the Middle East—The Function of the Phantom," *New Middle East*, No. 19 (April 1970); Neville Brown, "The Real Capabilities of Soviet and U.S. Weapons in the Middle East and How the Two Sides Use Them—A New Approach to Assessing the Aerial Power Balance," *New Middle East*, No. 20 (May 1970).

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the one she already enjoyed at the tactical level of the Canal war. The temptation to escalate was, accordingly, considerable.[22]

The idea of deep-penetration bombing went through a period of gestation of several months before reaching the Cabinet. It continued to be discussed in military circles during the last months of 1969, as well as—informally—in government circles, but was not submitted for decision until the very end of December. A general election intervened in October and the usual process of protracted horse-trading between parties took place before a new government could finally be announced on December 15. Like its predecessor, it was a broad coalition government, headed by Golda Meir and dominated by the Labour Party. Among the five coalition partners were the National Religious Party, the hawkish, right-wing Gahal Party, and the dovish, left-wing Mapam. The Labour Party ministers were divided among themselves on security and foreign policy issues; generally, under Golda Meir's tough and firm leadership it was the hawks, reinforced by the inclusion of Ezer Weizman as a Gahal minister, who set the tone. The doves, led by Eban (inasmuch as they had any leader at all), were biding their time and tended to keep a low profile.[23]

According to Dayan's laconic account, it was he who actually proposed to the Cabinet that "to put pressure on the Egyptians and compel them to maintain a cease-fire . . . we carry out air attacks on army bases deep inside Egypt."[24] Dayan made this proposal in the last week of December, on the advice of the Chief of Staff. His conversion, following agonizing private doubts, was crucial in securing political sanction for the General Staff's plan. True, he favored a cautious approach and subsequently wished to discontinue the bombing altogether.[25] But it is unlikely that, had he opposed the plan at the outset, the Cabinet would have overruled him on such a crucial matter.

Ezer Weizman, the original proponent of the bombing idea, found the Cabinet which he had just joined demoralized and "under the influence of the weariness and languor so characteristic of public opinion at this time."[26] In his biography he wrote that he "clearly sensed that we were paving the way for the next war and actually creating conditions favourable to the Egyptians. So I vigorously contended that we must use our power to the utmost, so as to win the War of Attrition and to

[22] "Fateful Decisions—The Bombing Deep Inside Egypt in 1970," radio discussion broadcast on *Shidurei Yisrael* on January 28, 1976, with Zeev Shiff, Dan Horowitz, and Michael Handel as participants. The above point was made by Dan Horowitz.

[23] *Haaretz*, March 10, 1970.

[24] Dayan (fn. 4), 366.

[25] Jon Kimche, *Palestine or Israel* (London: Secker and Warburg 1973), 287-88.

[26] Weizman (fn. 2), 280.

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remove any doubt as to who was the victor."[27] The accuracy of Weizman's account of the mood of the Cabinet and the drift of its policy may be questioned, but there is no room for doubt that he did throw his weight vigorously behind the proposal for drastic military action: inside the Cabinet he represented the traditional military commitment to total victory.

Before the Cabinet could decide whether to authorize the bombing raids or to withhold its consent, a number of questions needed to be answered: Could the raids be carried out at an acceptable price? What purpose would they serve? What would be the American attitude? And how would the Soviet Union react?

The first question was the easiest to answer. The Cabinet had the unequivocal advice of its military experts that the IAF was capable of performing the operation and that the risks and the costs would not be prohibitive. The bombing option had the attraction of not involving the capture of additional Egyptian territory, with all the attendant risks, and of affording a swift and economical use of force which would entail a minimal number of Israeli casualties. The introduction of the Phantoms had a similar effect in dispelling the doubts of the ministers as it had had in winning over the doubters on the General Staff. It meant that targets inside Egypt could be reached much more easily and attacked much more effectively than would have been possible by employing the A-4H Skyhawks which previously constituted the most advanced bombers in Israel's possession but were inferior in payload, speed, and range. The fact that the Phantoms were less vulnerable to destruction by Egypt's MiG-21s and SAM-2s allayed the fears of air attrition which had prompted Dayan's refusal to sanction the use of the IAF in the Canal War during May 1969. The upgrading of the air force appeared to transform the bombing proposal into a low-risk, potentially high-gain option. Possession of military capability to carry out deep raids thus constituted a factor of the highest importance in predisposing the Cabinet to authorize them. It was a classic example of the impact of weapons systems on the selection of national security options. It would be an exaggeration to say that the technical attributes of the Phantom determined Israel's overall strategic policy, but to say so serves to focus attention on an input of paramount importance.

The question relating to the precise purpose of the raids was much more difficult to answer, and no clear consensus ever emerged. The military objectives were: first, to reduce further Egyptian military pres-

[27] *Ibid.*, 283.

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sure (and Israel's personnel losses) by the bombing of depots and supply bases in the rear, thereby disrupting logistic support of the Egyptian forces in the forward Canal area; second, to deter the Egyptians from planning a full-scale war; and third, to bring the War of Attrition to an end and compel Egypt to observe the cease-fire. This last objective was the most fundamental military objective. As Bar-Lev stated in an interview long after the event: "When asked 'Why did you go into the deep raids . . .' I say we went because we thought that it would contribute to the prospects of ceasing fire."[28] A variant of this objective was to end the war in such a way as to enhance the deterrent power of the IDF in the future. This goal could not be attained by a negotiated or mediated or conditional cease-fire. It called for a demonstration of the IDF's capacity to compel the Egyptian army to follow a course of action prescribed by Israel. Ezer Weizman, for one, subscribed to this variant—as is evident from his comment on the need to show conclusively who is the victor.

In addition to military objectives, Israel's decision makers hoped to achieve a range of psychological and political objectives. These were not clearly articulated and did not command unanimous agreement, but they played a significant part in determining the decision to bomb. Informed commentators have described them as intended to break the Egyptian morale, create a credibility gap between Nasser and the Egyptian people, and bring about the downfall of the Nasser regime.[29] Almost all the members of the Cabinet later denied that the plan to topple Nasser was among the principal causes of the bombing, but one minister confirmed that this notion was prevalent in the Cabinet.[30] Dayan was one of the few ministers who remained skeptical throughout about the possibility of toppling Nasser. Realizing that Moscow would not permit the Nasser regime to collapse, Dayan did not succumb to the widespread and infectious illusion that such a downfall was imminent. The majority of the ministers, contrary to historical evidence on the counterproductive effects of bombing on civilian morale, expected the Egyptian people and the Egyptian elite to become demoralized by the repeated spectacle of the military impotence of their regime, and to turn against its leader. Talk of overthrowing regimes is

[28] *Maariv*, May 6, 1973.

[29] Yair Evron, *The Middle East: Nations, Super-Powers and Wars* (London: Elek 1973), 111; Shiff (fn. 3), 192; Dan Margalit, *Sheder mehabayit halavan* [Message from the White House] (Tel Aviv: Otpaz 1971), 40-42; Amron Kapeliouk, "On Overthrowing Nasser," *New Outlook*, XIII (February 1970); James Feron, *New York Times*, January 18, 1970; *International Herald Tribune*, January 29, 1970; André Fontaine, *Le Monde*, March 4, 1970.

[30] *Haaretz*, June 23, 1970. The minister was Ezer Weizman.

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usually a symptom of confusion; this instance was no exception. Events were to show—as logic and history and any knowledge of Egyptian politics should have suggested—that, far from undermining the Egyptian will to resist, the bombing would reinforce it; and far from bringing Nasser down, it would strengthen his position by rallying the people behind him in an upsurge of national solidarity. The obvious contradiction between expecting such far-reaching consequences on civilian morale while strictly limiting the bombing to military targets does not appear to have troubled Israel's policy makers unduly.

A further question that needed to be considered relates to the attitude the United States was likely to adopt toward the proposed raids. On this subject, the views of Yitzhak Rabin, the Israeli Ambassador to Washington and former Chief of Staff, were highly influential. Rabin felt that Israel should exploit the military options that were open to her at the time; he strongly recommended the deep raids. In December, he reported that the Nixon Government would not oppose the raids because they would serve its own interests in the region.[31] According to Eban, one cable sent by Rabin from Washington said, "I have a green light to go over Cairo, to attack and attack."[32] Rabin advanced the idea that Washington was concerned about Nasser's radicalization of the Arab world, his subversion of pro-Western regimes, and the lever he afforded Moscow to reduce American influence in the area; hence, Washington's interest converged with Jerusalem's in overthrowing the Nasser regime. Rabin's assessment of the U.S. position was reportedly supported by a hint he picked up from an American official at a cocktail party, intimating that America's opposition to Israel's military reprisals against Jordan and Lebanon—whose regimes were unstable and pro-Western—did not imply opposition to air attacks on Egypt.[33] On December 21, Rabin arrived in Israel for consultations and spoke in the Cabinet in favor of hard-hitting raids; he argued that

[31] Zeev Shiff and Eitan Haber, *Lexicon le-bitahon Israel* [Israel, Army and Defence: A Dictionary] (Zmora: Bitan, Modan 1976), 175.

[32] Interview with Eban, reported by Uri Milstein, *Davar Hashavua*, October 18, 1974.

[33] Margalit (fn. 29), 37. Rabin himself has remained reticent on the subject, but apparently still maintains that he did not misjudge the American position and that his evaluation was based on indications of approval given to him from the highest levels of the American Administration. See Team of Senior Journalists, *Hayoresh* [The Inheritor] (Peleg, n.d. but probably 1975), 45. According to another source, Rabin's *modus operandi* was to mention to high-ranking American officials the possibility of an attack; if they did not explicitly oppose the plan, Rabin would conclude that he had their tacit approval. The same source suggests that in this particular instance the C.I.A., like Rabin, believed that the bombing and demonstration of Egypt's helplessness would bring about the downfall of Nasser and his regime and the rise to power of pro-American elements. See *Haolam Hazeh*, September 3, 1975.

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the United States would tacitly support such drastic military action.[34] Eban disputed the Ambassador's analysis of the American position. He argued that the Americans could not be interested in the extension of the Arab-Israeli conflict because of the dangers of increased Soviet involvement on the Arab side.[35] There were other ministers, such as Israel Barzilai, who wondered whether the mere assumption of U.S. support provided an adequate basis for such a critical decision; and Moshe Shapira, who wanted the American position to be verified. But their doubts were brushed aside with repeated references to the political logic and hints from American officials which allegedly demonstrated the United States' tacit agreement.[36] The hawks, who shared Rabin's view that Israel was not making the most of her military might under the new circumstances, accepted only too readily the soldier-diplomat's assurances that the deep-penetration bombing would be welcomed by America. Rabin's visit thus helped to tip the balance in the Cabinet in favor of inflicting heavy military blows to destabilize Nasser's regime; it served to reinforce the view that such a course did not involve very serious risks.

The last major question on which the Cabinet had to make up its collective mind was how the Soviet Union would react to the deep-penetration bombing. From the very start, there were two schools of thought on the possibility of Russian intervention in response to Israel's proposed attacks on Egypt. The first, led by Deputy Prime Minister Yigal Allon, emphasized the political and technological constraints which would preclude Russia from intervening directly on Egypt's side. The other school of thought, represented by Dayan, believed that Allon's optimistic predictions were based not on a realistic appraisal but on wishful thinking which was apt to foster dangerous illusions. It questioned the assumption that Russia lacked the technological capacity necessary for direct intervention in the war, and reasoned that Egypt was a key point in Russia's global strategy, and that the Soviet Union was unlikely to resign herself to the collapse of the Nasser regime.[37] Eban shared Dayan's misgivings. "In that debate," he recalled, "I belonged to a minority which claimed that the bombing would step up Russian involvement in the region. Others estimated that the Russians would absorb this; they would protest but not go as far as physical involvement."[38] No consensus was achieved, and the Cabinet accepted the majority view as the basis of its policy.

[34] Shiff and Haber (fn. 31), 175.
[35] *Davar Hashavua*, October 18, 1974; *Haolam Hazeh*, September 3, 1975.
[36] Margalit (fn. 29), 39.
[37] *Ibid.*, 50-57.
[38] *Davar Hashavua*, October 18, 1974.

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Some months later, the Prime Minister was asked by a journalist: "When the decision on the deep-penetration bombing was taken, wasn't the possibility that it might bring the Russians taken into account?" Mrs. Meir replied: "This possibility was not raised at the time."[39] If true, such an admission would have amounted to the gravest indictment of her government. But, as we have just seen, the Cabinet did discuss this possibility. The discussion, however, was cursory, uninformed, and speculative. The result was to miscalculate not only the likelihood of Russian intervention but also of its probable impact. The majority in the Cabinet calculated that if Soviet involvement was limited to the defense of the heart of Egypt, the risk was worth taking. These ministers assumed that the only outcome of such an involvement would be the curtailment of Israel's bombing, but that it would not affect the overall strategic and political situation. This assumption proved to be mistaken. The effects of Soviet involvement were fundamental and far-reaching.[40]

The decision which eventually followed the Cabinet's deliberations represented a compromise between Rabin's demand for massive bombing of strategic targets in the heart of Egypt (including factories and power stations), and Dayan's preference for a more restrained and selective approach.[41] The IDF was authorized to start implementing the new policy on January 7, 1970.

The process that produced the decision to bomb was marked by a number of deficiencies. In the first place, it was not preceded by any serious search or exploration of the available options. Once the proposal to bomb had been submitted to the Cabinet, it became the exclusive focus of attention. Second, there was inadequate evaluation of the bombing option in terms of the likelihood of benefits and costs. The anticipated benefits were very much to the fore in the minds of the decision makers, but the likelihood of their realization and of the corresponding costs had not been studied carefully. Third, there was a failure to integrate value across multiple dimensions.[42] For instance, the trade-offs between gains in military security and the deepening of Egyptian hostility or the loss of international support were not calculated. Finally, there was a pronounced tendency to overestimate the probability of preferred outcomes. As Ezer Weizman admitted with characteristic candor, "wishful thinking, too, played a part in the decision."[43] The

[39] *Haaretz*, July 24, 1970. The interviewer was Amos Elon. [40] Evron (fn. 29), 114.
[41] *Hayoresh* (fn. 33), 111; *Haolam Hazeh*, September 3, 1975.
[42] On the concept of value integration, see John D. Steinbruner, *The Cybernetic Theory of Decision* (Princeton: Princeton University Press 1974), 29-31.
[43] Quoted in Margalit (fn. 29), 43.

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Cabinet's views on the overthrow of Nasser, American support, and Russian reaction all contained a substantial element of wishful thinking. This dominance of value over probability or, to put it differently, of affect over calculation, was fundamental; all the other failings can be traced to it. In sum, if the decision to bomb is regarded as the taking of a calculated risk, then the propensity for risk-taking far outweighed the capacity for careful and systematic calculation.

The Decision to Halt the Bombing

The first raid on the Egyptian hinterland was launched on January 7, 1970; the last one took place on April 13. During those four months Israel's aircraft, without difficulty and almost without loss, struck repeatedly at targets in the Nile delta and as little as five miles from the center of Cairo. Against those attacks, Egyptian-manned MiG-21C/D interceptor aircraft and SAM-2 Guideline missiles proved all but totally ineffective: the Israelis flew around and through the former, and under the effective coverage of the latter. At the same time, Israel's aircraft consistently and successfully attacked the SAM-2 sites, opening up gaps in the system and preventing its restoration. In all, during the first four months of 1970, the Israelis flew 3,300 sorties and dropped an estimated 8,000 tons of ordnance on Egyptian territory.[44] What was lacking was a coherent policy. This omission was inevitable since the raids were intended to serve a number of overlapping objectives and the government did not rank these in any order of priorities. Once again, it was Ezer Weizman who made a revealing observation: "It is necessary, before every operation, to define clearly what we are seeking to achieve through it. I believe that in the matter of the deep-penetration bombing we did not define for ourselves with sufficient clarity what we wanted to achieve."[45] In short, Israel's thinking was fuzzy; it failed to examine systematically the relationship between means and ends. Coherent action was not likely to follow from incoherent thought.

Israel's press was openly calling for Nasser's overthrow, and the foreign press was full of speculation that this was indeed the real motive behind the raids.[46] The leaders denied that Nasser's overthrow was the

[44] *Strategic Survey 1970* (London: Institute for Strategic Studies 1971), 46. From January 7, 1970, to April 13, 1970, Israel launched 20 deep-penetration raids within Egypt, 8 of which were within 30 kilometers of Cairo. The targets included military camps, supply bases, ammunition dumps, radar stations, and surface-to-air missile sites. See Daniel Dishon, ed., *Middle East Record 1969–1970*, V (Jerusalem: Israel Universities Press 1977), Table 1.

[45] Weizman, in Foreword to Shiff (fn. 3), 14.

[46] See, for example, *Haaretz*, January 23, 1970, and the *International Herald Tribune*, January 29, 1970.

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aim, and emphasized military objectives. A week after the raids began, Dayan declared: "Our real objective is to convince the Egyptians that they will lose the war if they launch large-scale hostilities. Egypt is the only Arab country that is in a position to decide whether or not there will be a new war and we are firmly determined to persuade her not to start it." He added: "If Israel's planes bomb targets 20 kilometers from Cairo at a time when the Egyptian leaders promise victory to their people, the result is inevitably negative for Nasser's regime and for the U.S.S.R. But that is not our aim; it is the consequence of our action."[47] Mrs. Meir gave a similar explanation. Asked whether the raids were directed at bringing about Nasser's downfall, she replied: "I do not accept the view that these raids are deliberately intended to topple Nasser. They are intended to interfere with his continuation of an aggressive policy and to prevent him from organizing a renewed attack against us. If the result is that this will bring about a change of the regime in Egypt, I will not shed any tears over it."[48] But at other times she talked as if the air strikes near Cairo were part of an educational campaign to make Nasser stop lying to his people, as if he were a naughty boy she was taking by the ear to the woodshed.[49] The one message that did come across clearly was "compellence": the raids would continue until Egypt agreed to observe the cease-fire.[50]

The conduct of the campaign was not accompanied by any political flexibility. The leaders were simply bent on increasing the military pressure until they succeeded in eliciting from President Nasser a public agreement to abide by an unlimited cease-fire. When Eban proposed to the Cabinet on February 7 a political initiative to restore the cease-fire for a limited period as part of a new "peace offensive," the majority of his colleagues opposed it on the grounds that it would free Nasser of

[47] *Le Monde*, January 15, 1970; translated by the authors. Two weeks later, however, Dayan stated that the raids had a triple purpose: first, to oblige the Egyptians to respect the cease-fire; second, to prevent them from preparing for another war; and third, "to weaken the Egyptian regime by showing the Egyptian masses that their leaders are deceiving them as to the real situation in the Arab-Israeli conflict." *Le Monde*, January 30, 1970; English trans. from Walid Khadduri, ed., *International Documents on Palestine: 1970* (Beirut: Institute of Palestine Studies 1973), 24.

[48] *Davar*, January 16, 1970. Mrs. Meir made the same points in subsequent statements reported in *Le Monde*, January 18-19, 1970, and *Arab Report and Record*, January 16-31, 1970.

[49] See her long interview with James Feron in the *New York Times*, February 8, 1970: "Mrs. Meir Says Air Raids Show Nasser Is a Failure."

[50] *Ibid.*; also Mrs. Meir's speech in the Knesset, *Divrei ha-Knesset* [Proceedings of the Knesset], February 17, 1970. Dayan conveyed the same message in an address to the Foreign Press Association, *International Herald Tribune*, January 29, 1970; so did Eban in an interview in *Le Monde*, February 25, 1970. For a theoretical explication of compellance, see Thomas Schelling, *Arms and Influence* (New Haven: Yale University Press 1966), and *Strategy of Conflict* (Cambridge: Harvard University Press 1960).

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the necessity to announce the termination of the War of Attrition and the resumption of an unlimited cease-fire, which they posited as Israel's minimal price. Mrs. Meir revealed her intense hostility to the proposal by insisting on a vote to defeat it even after its author offered to withdraw the motion.[51] She followed this up with a scathing public attack on those who "think that flexibility can bring a solution."[52] Even after the accidental release on February 12 of a load of bombs on the metal plant at Abu Zaabal, near Cairo, which killed 70 Egyptian civilian workers and provoked American and international calls for restraint, Mrs. Meir declined to show any sign of "weakness," as she put it.[53] In her speech to the Knesset five days after the accident she maintained the uncompromising official posture and repeated the old unyielding demands; lest her words be interpreted as a sign of Israel's faint-heartedness, another bombing raid into Egypt took place on the same day.[54]

This policy of unrelenting military pressure initially showed signs of considerable success in achieving its declared military objectives. The number of Egyptian attacks along the Canal declined dramatically, and with the decrease, the number of Israel's casualties; the bombing of depots, bases, and rear installations disrupted logistical support, caused the dispersal of air defenses and aircraft, and generally forced the Egyptian war machine into a lower gear. But the bombing conspicuously failed to achieve its psychological and political objectives. Its precise impact on Egyptian morale is difficult to measure, but the unanimous opinion of foreign observers at the time was that the air attacks were counterproductive, fostering a national unity and a mood of militant defiance.[55] In Egyptian public opinion, the raids strengthened the position of the partisans of a military solution.[56]

The hope of toppling Nasser proved equally illusory. The Egyptian people, not surprisingly, accepted their own government's version of the heroic resistance being put up by the Egyptian army against an arrogant and ruthless enemy. Their anger was directed not against their leadership but against the foreign aggressors. Far from discrediting Nasser and undermining his credibility as the Israelis hoped, the raids helped to make Nasser the symbol of courageous resistance and an in-

[51] Margalit (fn. 29), 61-64; *The Guardian*, February 12, 1970; *International Herald Tribune*, February 14, 1970.
[52] *Le Monde*, February 27, 1970.
[53] *International Herald Tribune*, February 14, 1970.
[54] *Divrei ha-Knesset*, February 17, 1970.
[55] *International Herald Tribune*, January 15 and 29, 1970; *The Guardian*, 31 January 1970; *The Times*, February 10, 1970; *U.S. News and World Report*, February 16, 1970.
[56] Daniel Heradstveit, *Arab and Israeli Elite Perceptions* (New York: Humanities Press 1974), 34.

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dispensable leader at a time of national crisis. Thus, in the short run, Nasser's internal position was consolidated rather than weakened. But the air offensive did present Nasser with a military challenge for which he had no solution. Israel's policy makers had expected to place Nasser in an intolerable position and force him to choose between running the risk that his own regime would not survive *or* accepting Israel's conditions for calling off the War of Attrition and returning to the cease-fire. What they overlooked was that Nasser had another option open to him—namely, to continue the War of Attrition with active Soviet support. That was the option which Nasser in fact adopted.

On January 22, he flew to Moscow for a secret meeting with the Soviet leaders, to ask them to establish an air-defense system in the Egyptian interior manned by Soviet crews and pilots. According to Mohamed Heikal, who accompanied Nasser on this mission, Nasser went as far as threatening to resign unless the Russian leaders agreed to make this unprecedented and far-reaching commitment.[57] The Soviet Union had to weigh the advantages of making such a commitment (for example, exclusive Russian control over a number of Egyptian airfields) against the risks involved, notably that of confrontation with the United States. In the final analysis, Israel forced the Soviet leaders into a position where they either had to intervene more effectively or admit that they were unwilling or unable to protect Egypt. When the question was posed in this way, there could only be one answer: it merely remained for Moscow to decide what form the intervention should take.

Table 1 gives some idea of the pace and scale of the Russian intervention. From the end of February, new types of Soviet aircraft and missiles were progressively introduced into Egypt: MiG-21J interceptors, with greater speed, longer range and better armament than the MiG-21C or D; ZSU-23-4 four-barrelled 23mm anti-aircraft guns, previously confined to the Warsaw Pact forces; "improved" SAM-2s with shorter reaction time than earlier models; mobile and more modern SAM-3 Goas, with a far better low-altitude capability than the SAM-2 (which was relatively ineffective below 3,000 feet). Moreover, Soviet military personnel operated and maintained much of the new equipment: pilots to fly the MiG-21s, and missile crews to man the new SAM-3s. Never before had the Soviet Union injected such sophisticated military equipment into a non-communist country in such a short time.[58] Israel's previous absolute air supremacy and freedom to attack targets in the Egyptian interior were severely curtailed.

[57] Heikal, *The Road to Ramadan* (London: Collins 1975), 83-88.
[58] *Strategic Survey 1970* (fn. 44), 46.

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TABLE 1

ESTIMATED SOVIET MILITARY PRESENCE IN THE U.A.R., 1970

Date	*Soviet military personnel*			*Soviet-manned SAM sites*[a] (SA-3)	*Soviet-manned aircraft* (MiG-21J)	*Soviet-controlled airfields*
	Pilots	*Missile crew*	*Other*			
January 1	0	0	2,500–4,000	0	0	0
March 31	60–80	4,000	2,500–4,000	22	0	1?
June 30	100–150	8,000	2,500–4,000	45–55	120	6
September 30	150	10,000–13,000	2,500–4,000	70–80	150	6
December 31	200+	12,000–15,000	4,000	75–85	150	6

Note: [a]SAM = surface-to-air missile. Figures exclude Egyptian-manned SA-2 sites. SA-3 sites normally contain 4 launchers each; SA-2 sites normally contain 6 launchers each.

Source: *Strategic Survey for 1970* (London: Institute for Strategic Studies 1971), 47.

The other line of Soviet action was to place pressure on the United States to restrain Israel. On January 31, Premier Kosygin sent a personal note to President Nixon in which he blamed the current tensions in the Middle East on American supplies of advanced weapons to Israel. Kosygin stated that Egypt was virtually defenseless against Israel's aircraft, which were attacking at will. If the United States did not restrain Israel, the Soviet Union would be forced to supply new arms to Egypt. Nixon replied to this note on February 4, denying responsibility for escalating the war, expressing willingness to discuss an arms limitation agreement for the region, and warning that if Russia rejected this offer, America would be forced to supply arms to Israel to match any increase in Soviet deliveries to Egypt.[59] Nixon re-stated the American position on February 18 in his Report to the Congress; he warned that the United States "would view any effort by the Soviet Union to seek predominance in the Middle East as a matter of grave concern." The United States, he said, had endeavored to restore the cease-fire and urged agreement on limitation of arms shipments, but in the meantime would "maintain careful watch on the balance of military forces and . . . provide arms to friendly interests as the need arises."[60]

This firm verbal posture vis-à-vis Russia, however, was accompanied by mounting concern over the course of Israel's policy. American experts challenged Jerusalem's contention that the surest way to bring peace to the Middle East was to demonstrate the military impotence of the Arabs in general, and of Egypt in particular. Basing their argument on the American experience in Vietnam, they questioned the wisdom of trying to achieve political ends through military means and warned that the bombing might result in strengthening the hardliners in Egypt. Even if Nasser fell, they reasoned, there could be no certainty that his successor would be more disposed toward making peace with Israel; and although Israel's security might improve in the short run, the opposite might occur in the long run as a result of greater instability in the region. Above all, American experts disagreed with Israel's estimate that the blows inflicted on Egypt would weaken Moscow's influence by exposing the failure of Soviet equipment and support to protect Egypt.[61]

[59] These letters were not officially published, but they were reported fully in the Soviet and Western press: *Pravda*, February 13 and 17, 1970; *Izvestia*, February 4 and 12, 1970; *The Times*, February 5, 1970; *Le Monde*, February 7, 1970; *International Herald Tribune*, February 4 and 14, 1970; *New York Times*, February 5, 13, and 26, 1970. Unofficial texts were published in *Arab Report and Record*, March 1-15, 1970, pp. 167-68.

[60] *Foreign Policy for the 1970's*. A Report to the Congress by Richard M. Nixon, President of the United States, February 18, 1970, *Department of State Bulletin*, Vol. 62 (March 9, 1970), 303-5.

[61] *Haaretz*, August 21, 1970.

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Toward the end of January, the U.S. State Department expressed its concern over the air war and the dangers of escalation, but it was not able to disabuse the Israelis of their belief that their actions served the real interests of the United States and that they had its tacit support.[62] Following the accidental attack on Abu Zaabal on February 12, Acting Secretary of State Richardson deplored it publicly;[63] privately, he summoned Israel's Ambassador to convey the grave view that his government took of the deep-penetration bombing, and to urge the exercise of restraint.[64] Any residual hopes that the United States approved of the raids were dispelled when Joseph Sisco, the Assistant Secretary of State for Near Eastern Affairs, at a meeting on April 15 with Dayan, Bar-Lev, and General Yariv (the Director of Military Intelligence), expressed America's emphatic opposition to the raids and advised Israel to refrain from any escalation of the conflict.[65]

Much more disturbing than these verbal protests and exhortations was Washington's ultimate rebuff of Israel's request for more Phantoms, following a tense and prolonged dialogue. To the surprise of his advisers, President Nixon stated at a press conference on January 30, 1970, that he would announce a decision on Israel's request for additional aircraft within 30 days.[66] On March 23, three weeks after Nixon's announced deadline, Secretary of State Rogers announced that Israel's request for 25 Phantoms and 100 Skyhawks was being held in abeyance because "Israel's air capacity is sufficient to meet its needs for the time being."[67] This rebuff was unexpected and its political implications were no less worrying to Israel than its military implications. Ambassador Rabin, who on March 14 forewarned his superiors of the imminent announcement, subsequently left no doubt in his report to the Cabinet that an adverse shift in American policy had taken place. Hitherto, political differences and arms supplies had been kept apart. From now on, however, the supply of arms was likely to be made conditional on political agreement between Jerusalem and Washington. This adverse shift aborted Israel's plan to pressure the United States into urgent military-political action in response to the installation of Russian-operated SAM-3s. Israel's officials tried to draw a parallel between the

[62] *Jerusalem Post*, February 1, 1970; *The Guardian*, February 2, 1970; Margalit (fn. 29), 50.

[63] *Department of State Bulletin*, Vol. 62 (March 2, 1970), 226.

[64] Margalit (fn. 29), 65-66.

[65] *Haaretz*, April 16, 1970.

[66] *Department of State Bulletin*. Vol. 62 (February 16, 1970), 173-74.

[67] *Department of State Bulletin*, Vol. 62 (April 13, 1970), 477-84. See also Michael Brecher, *Decisions in Israel's Foreign Policy* (London: Oxford University Press 1974), 486; and William B. Quandt, "The Middle East Conflict in U.S. Strategy 1970–71," *Journal of Palestine Studies*, 1 (August 1971).

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current situation and the Russian move in the 1962 Cuban missile crisis, but their American counterparts did not share this view.[68] In spite of leaks by Israel's intelligence of a major Soviet military build-up, the Nixon Administration remained unconvinced that the balance of power had decisively altered in the Middle East. In its evaluation, the new Soviet missile systems, together with the Soviet MiG pilots, were designed primarily to end Israel's deep-penetration raids and did not constitute a preparation for a major offensive war.[69]

While the Soviet role in Egypt, or as the Israelis called it, "Sovietization" of the Egyptian war effort, caused some anxiety in the United States, many analysts saw it as an understandable response to Israel's deep bombing of the Egyptian heartland. Having decided to withhold additional aircraft from Israel, the Nixon Administration embarked on an effort to communicate with Nasser directly, despite the ominous Soviet activity in Egypt.[70] A situation was thus beginning to develop in which Israel, with uncertain American military and political support, was facing on her southern border an enemy backed by active and mounting Russian support.

But Israel's policy makers still did not draw any operational conclusions. They continued with the bombing—albeit more cautiously—despite the steady feedback they were getting which showed that most of the initial assumptions that had prompted the decision to bomb had been mistaken. The Nasser regime did not appear to be tottering under the blows inflicted by Israel's superior air power; the Soviet Union was intervening to parry the air strikes; and the United States was evincing none of the enthusiasm expected. The casualty figures rose from 9 dead and 38 wounded in March to 27 dead and 62 wounded in April, suggesting renewed military pressure in the Canal area following Israel's initial success in enforcing a reduced level of activity. Still the policy makers did not revise their policy in the light of the rapid deterioration in Israel's political and military position. There had been insufficient analytic evaluation of the consequences of the bombing option; as a result, there was inadequate revision of opinion, and the advisability of continuing to bomb was not seriously questioned.

This failure to revise policy in the light of new information illustrates two phenomena that are familiar to social scientists. The first is the tendency of human beings to interpret incoming information in conformance with their existing opinions, beliefs, and models.[71] The

[68] Margalit (fn. 29), 75-76.
[69] *The Guardian*, May 21, 1970; *Arab Report and Record*, May 16-31, 1970.
[70] Quandt (fn. 67).
[71] See in particular Robert Jervis, "Hypotheses on Misperception," *World Politics*, xx

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stronger the commitment to an opinion, the more contrasting information is necessary to revise it in order to counteract the information used to adopt the opinion in the first place. In this case, the psychological resistance of Israel's policy makers to revising their opinion in the face of overwhelming incongruent evidence was of exceptional proportions. The second phenomenon is the difficulty of changing a policy once it is in operation. Success consists in moving the decision-making apparatus to the point of decision, leaving relatively little time for analyzing the merit of the decision. As Henry Kissinger has observed: "This explains to some extent the curious phenomenon that decisions taken with enormous doubt and perhaps with a close division become practically sacrosanct once adopted. The whole administrative machinery swings behind this implementation as if activity could still all doubts."[72]

When Russian crews started manning the missile sites, a point was reached when doubts concerning the merits of continuing with the deep-penetration raids could no longer be stilled. The government of Israel had to decide whether to attack the missile sites (and thus run the risk of a direct clash with Soviet units and killing Russian personnel), *or* to halt the bombing. In a debate within the government, Allon and a number of other ministers favored attacking the missile sites. Allon stated publicly: "We shall continue our bombing of the present Egyption defense system and of other military installations, and we shall prevent the establishment of new defense systems or the repair of old systems that have been destroyed."[73] The Chief of Staff concurred. Asked whether the presence of Russian personnel would induce caution, his reply was: "I don't care who is manning the weapons. We must be in a position where air superiority along the Canal is ours."[74] Dayan and a number of other Ministers, however, were concerned with the national identity of the missile operators and favored a more cautious course. In an attempt to avert a direct clash between Israelis and Russians, Dayan signalled to Moscow that Israel would be prepared to confine her air raids to the Canal area if Moscow observed similar restraint by confining Soviet active involvement to the Egyptian heartland. The relevant passage in his address to senior army officers ran as follows:

(April 1968), as well as *Perception and Misperception in International Politics* (Princeton: Princeton University Press 1976).

[72] Kissinger, "Domestic Structure and Foreign Policy," *Daedalus*, Vol. 95 (Spring 1966).

[73] *International Herald Tribune*, April 1, 1970. See also Allon's radio interview of March 28, 1970, the English text of which appeared in *New Middle East*, No. 20 (May 1970).

[74] *Time* (European edition), Vol. 95 (April 6, 1970), 39.

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> The Russians have become our central problem. For we are liable to become involved in something we did not intend . . . [our] attacking the Russians, and the Russians attacking our aircraft. This means war with the Russians, whatever words you choose to define it, and this is not what we desire. We do not wish to fight the Russians, and with cautious optimism I hope things will not come to that.
>
> My assumption is that at this stage the Russians can, from their own point of view, be satisfied with defense of major vital places in Egypt and will refrain—they will not be deterred but will refrain—from entering the combat area of the Canal and its surroundings. . . . It may perhaps be assumed that the Russians will decide that they are defending the skies of Cairo and Alexandria and Aswan and similar places . . . without entering the Canal zone. . . . We will have to, and I hope we shall succeed in reaching coexistence with the Russians in the Egyptian skies.[75]

Dayan's signal failed to elicit any verbal response from Moscow that might have indicated willingness to enter into a tacit agreement or abide by the ground rules delineated by him. On the contrary, a few days after Dayan's speech, the Israeli-Russian "strategic dialogue" took a startling turn for the worse. On April 18, Israeli aircraft raiding deep into Egypt were intercepted by a formation of combat-ready MiG-21s carrying Egyptian markings but manned by Russian pilots. On making contact, the Israelis broke off and returned to base. It was the first indication that Soviet pilots were flying operational missions over Egypt. According to one observer, this incident was "*the* major watershed in the post-1967 Middle Eastern crisis. . . . What the Israeli pilots had seen that day marked a revolution in the strategic situation in the Middle East, to the profit of Moscow and Cairo and to the loss of Washington and Jerusalem."[76]

The decision to halt the deep-penetration bombing was taken immediately following the aerial encounter of April 18. The combined deterrents of enhanced defensive capability and Soviet offensive presence forced the hand of the policy makers. As Bar-Lev explained, once it was clear that the Russians were committed to prevent the deep-penetration bombing in a full and operational manner, "we decided not to continue because the price we would pay would be greater than

[75] *Bamachaneh*, April 14, 1970. See also *Haaretz*, April 15 and 17, 1970; Michael I. Handel, *Israel's Political-Military Doctrine*, Center for International Affairs, Harvard University, Occasional Papers in International Affairs (Cambridge 1973), 53-54; Dan Horowitz, "The Israeli Concept of National Security and the Prospects of Peace in the Middle East," in Gabriel Sheffer, ed., *Dynamics of a Conflict: A Re-examination of the Arab-Israeli Conflict* (New York: Humanities Press 1975), 239-40.

[76] William W. Griffith, *The Soviet-American Confrontation, 1970, III: The Great Powers and the Middle East in 1970*, Center for International Studies, Massachusetts Institute of Technology, C/70-17 (Cambridge 1970), 5.

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the gain. . . ."[77] There can be little doubt that a sudden reversal of policy had taken place: less than two weeks before this decision was taken, General David Elazar, head of the General Staff Division of the IDF, had announced that the army's plans for the coming year included maintaining the air offensive against Egypt along the Canal and in depth.[78] Following the news that Russian pilots were flying operational missions from Egyptian airfields, an emergency meeting of the Cabinet was held at which it was decided to inform Washington immediately. The initial American reaction, pending further study, was to blame Israel for accelerating Russian involvement by her policy of deep-penetration bombing.[79] The Cabinet met again on April 23 to review the situation following the first round of consultations. There was no question of renewing the bombing in depth. Having maneuvered their country into a corner by going beyond the limits of American support and protection and reaching the point of confrontation with the Soviet Union, Israel's policy makers were compelled to retreat.

The debate within the Cabinet on the significance of the Russian threat and on the steps which should be taken to deal with it persisted after the cessation of the bombing. Some ministers were convinced that the Russians planned to extend their air umbrella to the Canal; they argued that the only way of discouraging this forward move was to demonstrate unequivocally Israel's determination to resist it by attacking and destroying Soviet forces in Egypt. Others still hoped that the Russians would not try to intervene in the Canal area, and favored the policy of coexistence propounded by Dayan.[80] Senior members of the High Command supported Dayan's assessment that the current status quo could continue for a long time with the Russians refraining from a forward move. They estimated that the Soviet objectives at this stage were to save Nasser's regime and to direct the Egyptian War of Attrition. The Chief of Staff was one of those who optimistically believed that the Russians would not intervene directly in the Canal zone.[81] As he explained subsequently, in the conduct of all military operations he sought to find a middle point between folding up in the face of Russian might on the one hand and provoking Russia to actions which Israel would be unable to withstand on the other.[82]

It was David Ben-Gurion who had originally laid down two cardinal

[77] Interview with Uri Milstein in *Davar Hashavua*, September 20, 1974.
[78] *Davar*, April 7, 1970.
[79] Margalit (fn. 29), 103-05; and Shiff (fn. 3), 214.
[80] *Haaretz*, April 26 and 30, 1970; *The Times*, May 12, 1970.
[81] Shiff (fn. 3), 218.
[82] Bar-Lev made this point in interviews published in *Maariv*, May 6, 1973, and *Davar Hashavua*, September 20, 1974.

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tenets of Israel's military doctrine, one positive and one negative: the IDF must be strong enough to defeat any combination of Arab forces at all times, but it must never, under any circumstances, risk a direct military confrontation with the army of a great power.[83] The second tenet was now in danger of being broken, as the Government of Israel implicitly recognized in the statement issued on April 29, which revealed that Soviet pilots were flying operational missions in Egypt.[84] To forestall this danger, Israel turned to Washington with a request for a formal declaration that would deter Moscow. In a letter to President Nixon, Mrs. Meir stated that Israel would not refrain from defending her borders, and asked for a clarification of the American attitude to the presence of Russian pilots in Egypt.[85] Nixon replied over a month later in a personal note to Mrs. Meir, promising to supply sufficient aircraft replacements to maintain Israel's air superiority, but urging restraint in attacking strategic targets.[86] A public declaration to deter Russia was not forthcoming. Notwithstanding the vacillating response of their major ally, the Israelis made it emphatically clear that they would resist any Soviet attempt to extend the Egyptian air defense system to the Canal. In a major speech on May 4, Dayan emphasized both the new dimension of threat involved in the Soviet role and Israel's determination to defend her position along the Canal:

> In what the Russians are doing today there is an element of throwing down the gauntlet, of saying: We the Russians are not only defending Cairo, we are not only relieving Egyptian forces of the job of defense so that they may be free to attack the Israeli forces all along the Canal, but we are also involved in this Egyptian war against Israel. This threat, this throwing down of the gauntlet, is no less significant than the actual fighting, the personnel and the equipment themselves.
>
> . . . we will not withdraw from the cease-fire line and we will not "fold" under military pressure. We will fight anybody who tries to evict us from there by force. We will not allow our hold on the cease-fire line to be loosened, even if it means fighting other forces besides the Egyptians.[87]

[83] Michael Bar-Zohar, *Ben-Gurion: A Political Biography* (Tel Aviv: Am Oved 1977), II, 873.

[84] Statement issued by the Government of Israel on U.S.S.R. Military Assistance to the U.A.R., *Jerusalem Post*, April 30, 1970.

[85] *Maariv*, April 29, 1970; *Haaretz*, April 30, 1970.

[86] *New York Times*, May 16, 1970.

[87] *Maariv*, May 8, 1970. An English translation of the text of Dayan's speech appeared in *New Middle East*, No. 21 (June 1970). In a radio interview on May 9, Dayan was even more explicit: "We shall strictly maintain our ability to stand fast on the cease-fire line," he said. "We shall not permit the installation of anti-aircraft systems, anti-aircraft guns, SA-3 missiles, and so forth, because this will lead to a situation in which

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Undeterred by Israel's warnings and possibly encouraged by American passivity, the Russians and Egyptians tried during May and June to push their air defense coverage forward toward the Canal. An overnight coup on June 30 resulted in the installation of overlapping SAM-2 and SAM-3 sites on the western edge of the Canal zone. During July, there was a see-saw struggle, with Israeli air strikes desperately seeking to prevent the completion of a forward missile belt between Ismailia and Suez. The Israelis had some success: the Soviet's program was certainly impeded, and one signal defeat was inflicted on the Russians when Israeli aircraft shot down four Soviet pilots in MiG-21Js on July 30. But in the end Soviet persistence and numbers prevailed. A total of seven Israeli aircraft were destroyed between June 30 and August 7.[88] This unprecedented rate of air attrition, combined with the pressure from the United States which was increasingly anxious about the dangers of escalation, induced Israel to accept the American-sponsored cease-fire. This cease-fire, which came into effect on August 7, marked the end of the War of Attrition. But immediate Soviet-Egyptian violations of its standstill clauses led Israel to suspend her participation in the peace talks.

Consequences

A comprehensive balance sheet of the deep-penetration bombing must weigh both the consequences that were related to explicit and implicit objectives and those that were unforeseen at the time when the decision to bomb was made. In the former category, the objective of bringing about Nasser's downfall met with the most unqualified failure. There is little evidence to suggest that Nasser's standing in Egypt, within the Arab world, or internationally, suffered as a result of the attacks. One can only speculate that if the demonstration of the military impotence of his regime could have continued over a much longer period, the effect would have been to weaken his internal position. In this respect, the most fundamental error of Israel's policy makers stemmed from their failure to perceive the importance of the time dimension: it led

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we shall not be able to hold the Canal line with soldiers, strongholds and so forth. Therefore, if the Russians decide to intervene . . . if they attack us there, we shall defend ourselves and our pilots will fire back." BBC Monitoring Service, *Summary of World Broadcasts*, ME/3376/A/5, A/6, A/7, A/8, and A/9. In a speech to the Knesset, Mrs. Meir reiterated the warning that the IDF would fight the Russians if they tried to advance surface-to-air missile batteries to the vicinity of the cease-fire line. *Divrei ha-Knesset*, May 26, 1970.

[88] *Strategic Survey 1970* (fn. 44), 48. See also *Policy Background: Russian Military Intervention—The Third Phase: Soviet Manned SAM-III's into Suez Canal Battle Zone* (Washington, D.C.: Embassy of Israel, July 7, 1970).

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them to expect results in the short run from what could only be a long-term process.

Similarly, the objective of undermining Egyptian morale was not formulated with a clear time scale. In the short run, the bombing had the effect of stiffening both the civilian and the military will to resist and of deepening Egyptian hostility and belligerency toward Israel. Even if the bombing could have been maintained for much longer than four months, it is extremely unlikely that it would have yielded the expected results. Both the British air offensive against Germany during the Second World War and the American air offensive against North Vietnam—although they persisted over a considerably longer period and were directed against civilian as well as military targets—failed to destroy civilian morale. Israel's attacks on the Egyptian interior thus reinforce the lesson of other historical precedents concerning the counterproductive effects of strategic bombing.

As far as the explicit military objectives were concerned, the bombardment of strategic targets during the early phase did cause substantial damage to the Egyptian war machine. But the situation was completely transformed when Moscow assumed the defense of the Nile valley; Egypt was thereby enabled to concentrate her forces and her best pilots in the area of direct combat with Israel along the Canal, to resume a fundamentally offensive posture, and to recapture the initiative in the War of Attrition. Freed of the duty of protecting the interior and backed by massive Soviet military support, the Egyptian army began to fight more confidently and effectively than it had ever done before; by the time the cease-fire came, its position in the Canal area was decidedly better than it had been when the deep-penetration raids started. Israel's hope of a "cheap victory" through the use of air power was thus frustrated.

The assertion by General Mordekhai Hod, the Commander of the Israel Air Force, that "the deep-penetration bombings during the war of attrition hurt Egypt and caused Cairo to agree to a cease-fire and to keep it,"[89] is a great oversimplification. The Egyptians in fact regarded the outcome of the War of Attrition as far from being unfavorable to themselves; they agreed to the cease-fire only after Israel's capacity to launch deep-penetration raids had been neutralized. The Egyptian position was further strengthened, as Nasser told the Arab Socialist Union, by the additional military aid and diplomatic support secured from the Kremlin as the price for agreement to the cease-fire.[90]

[89] *Jerusalem Post*, July 16, 1972.

[90] Helene Carrere d'Encausse, *La Politique Sovietique au Moyen-Orient 1955–1975* (Paris: Presses de la Fondation Nationale des Sciences Politiques 1975), 209.

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Moreover, the price for Israel herself, in military terms, was far from negligible. In the first place, as a result of the Soviet intervention, she lost the option of striking against the Egyptian interior. The Soviet commitment to Egypt's air defense deprived Israel of the two main foundations of her military strategy: the ability to stage reprisal attacks at will anywhere in Egypt, and the ability to launch a massive preemptive strike, if necessary, to forestall an anticipated Egyptian crossing of the Canal. This two-fold capability had constituted a formidable deterrent. By exercising it prematurely, Israel triggered a reaction that precluded the all-out use, as well as the credible threat of use, of this capability. The full implications of this setback were not fully appreciated until the October War of 1973. Indeed, as Ezer Weizman has repeatedly stated, it was the failure of Israel's military and political leaders to recognize the gravity of this setback that paved the way to the Yom Kippur War.[91]

A second and related loss brought about by the deep-penetration bombing was an adverse shift in the balance of technological and air power. Israel's marked technological superiority had always been one of her principal assets in the conflict with the Arabs; her supremacy in the air was its clearest and most lethal military manifestation. The deployment of a sophisticated air defense system in Egypt, however, eroded Israel's technological superiority. Having yielded their previously unrestricted air supremacy over the Egyptian interior to the Red Air Force pilots in April 1970, Israel's military tried to maintain air supremacy over a 40-kilometer strip west of the Canal so that they could bomb Egyptian artillery and troops in the front line. But the successful introduction of the missile belt into this area not only deprived Israel of control over Egyptian airspace, but also impeded her control of her own airspace east of the Canal. The shift in the air balance before the cease-fire came into force was decidedly to Israel's disadvantage.

The gravest consequences of the bombing were manifested in its international impact. It was these unforeseen effects that were also the most detrimental to Israel's goals. By pushing her strategic advantage too far, Israel ended up helping Nasser to realize one of his most fundamental post-1967 aims, namely, the raising of the conflict from the local to the superpower level. As Mohamed Heikal, Nasser's close confidant, has explained, Nasser was "determined to get the Soviet Union as deeply involved in the Middle East problem as he could. . . . His whole aim was to lift the Middle East dispute from the local to the international level; at the local level Israel had proved its superiority—

[91] Weizman (fn. 2), 275, 381-84: also see his interview in *Maariv*, November 2, 1973.

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at the international we might be more evenly balanced."[92] Once the U.S.S.R. became actively involved on the Egyptian side, Israel had to turn to her own superpower patron as the only possible source of deterrence against Russia. Israel's dependence for strategic support on the United States increased radically, and with it her susceptibility to American political pressure. Thus, in Yair Evron's apt summary, "Israel, as a result of her deep-penetration bombing, which was based in its turn on a strategy of compellence, defeated her most important political and strategic objectives after the war, namely to close the Middle East subsystem as far as possible to super-power intervention."[93]

The foregoing analysis is, of course, based on the assumption that the Soviet intervention was brought about by the deep-penetration bombing. This assumption has been denied by Bar-Lev and most ministers, including Allon and Dayan.[94] They argue that the increased Soviet involvement was the logical consequence of the failure of the Egyptian War of Attrition, and should not be attributed to the bombing campaign. The assertion that the preparation of the sites for the SAM-3's began in November 1969 has frequently been adduced in support of this view.[95] But few have found it convincing, and informed American officials dispute this version. In an off-the-record briefing, Henry Kissinger, who was Nixon's national security adviser at the time, told reporters that there was no agreement between America and Israel on whether the Soviet move was a reaction to the bombing campaign.[96] The thesis of the inevitability of Soviet intervention regardless of Israel's actions is particularly suspect when advanced by the very people who in December 1969 predicted confidently that the Soviet Union would not intervene.

Interestingly, it was Rabin, one of the principal architects of the controversial military initiative, who acknowledged its consequences some years later. He said in an interview that in January 1970, "we started deep-penetration bombing in Egypt which demolished the Egyptian War of Attrition, but also brought about direct Soviet involvement in the conflict. . . . The Soviet Union intervened directly, albeit in a limited manner. . . . The Russians revealed then for the first time [their] preparedness for direct military intervention to avert an Egyptian military defeat which would have a far-reaching political significance."[97]

[92] Heikal (fn. 57), 165.
[93] Evron (fn. 29), 116.
[94] Interview with Bar-Lev in *Davar Hashavua*, September 20, 1974; Yigal Allon, "The Soviet Involvement in the Arab-Israeli Conflict," in M. Confino and S. Shamir, eds., *The U.S.S.R. and the Middle East* (Jerusalem: Israel Universities Press 1973), 152; Luttwak and Horowitz (fn. 1), 323.
[95] *Haaretz*, June 23, 1970.
[96] Margalit (fn. 29), 104.
[97] *Yedi'ot Aharonot*, November 9, 1973.

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A leading military commentator, General Chaim Herzog, was even more explicit: "This was one of the Israeli mistakes which had far-reaching consequences. . . . In Israel editorials were written in support of the deep-penetration bombing, presenting the government line that these actions would deter the Egyptians from going to war and that they would have a psychological effect which might lead to the downfall of the regime in Egypt. Very few . . . disputed this assumption and considered that the result would be the opposite." After describing the Soviet intervention, Herzog concludes that "this was the direct consequence of the Israeli deep penetration bombing. . . . Nasser saw the Soviets' agreement in January 1970 to assume the responsibility for the defense of the Egyptian sky as a very great success. Without the Israeli bombing inside Egypt, he would not have attained this success."[98]

The most sophisticated defense of the version that denies the causal link between the bombing and the Russian intervention was put forward by an academic analyst, Uri Ra'anan.[99] Ra'anan has challenged the conventional explanation on the grounds that it was contrary to the usual Soviet *modus operandi*, which is characterized by "acting" rather than "reacting," and that it is unlikely that such a hazardous and logistically difficult enterprise could be planned and executed in a matter of weeks following Nasser's visit to Moscow in January 1970. According to the explanation proposed by Ra'anan, the Kremlin's decision followed the recommendation of its own military advisers to build up a Soviet combat capability in Egypt, including interceptor pilots and crews for sophisticated surface-to-air missiles. It was reached by November 1969 at the very latest (i.e., one month prior to the start of the deep-penetration raids, two months before Nasser's secret visit to Moscow, and three months before the first Soviet combat elements actually appeared in Egypt). Ra'anan develops his thesis with great skill and ingenuity, but provides little hard evidence to support it. He explicitly acknowledges "the speculative flavor of portions" of his reconstruction of developments. He is contradicted in all essentials by Heikal's subsequent first-hand account which emphasizes that the initiative, amounting to an ultimatum, came from Nasser, and describes the evident reluctance of the Kremlin leaders to accede to his demands because of the risks involved. That the Soviet commitment to Egypt would have deepened even if the strategic bombing had not taken place is not inconceivable; that it should have developed independently at the unprecedented pace

[98] *Haaretz*, June 30, 1974.

[99] Ra'anan, "The USSR and the Middle East: Some Reflections on the Soviet Decision-Making Process," *Orbis*, XVII (Fall 1973).

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and scale indicated in Table 1 is exceedingly unlikely. One may conclude, therefore, that the Israeli bombing campaign was a necessary precondition to the entry of Russian pilots and missile crews into Egypt.[100] In a very real sense, Israel instigated, by misuse of air power, the active support of a superpower on the side of her principal adversary.

National Security Policy Making

Four decisional tasks underlying national security policy making are: (1) search, (2) revision, (3) evaluation, and (4) choice. The decision process from which the bombing choice emerged is characterized by inadequate search for options; conservative revision of opinion in light of changing environmental factors; faulty evaluation of consequences in terms of likelihood of occurrence, benefits, and costs; failure to consider value trade-offs between military and political goals; and overestimation of the probability of preferred outcomes, coupled with an underestimation of the likelihood of undesirable outcomes. In addition to these decisional tasks, there are general problems concerned with lack of staff work, inadequate information, and a short-term perspective.

With respect to staff work, one commentator observed:

> The decision for deep-penetration bombing, and the discussions surrounding it, proved yet again the need for an agency to supply the Israeli government with continuous advice and ideas on strategic and political problems. There was at the time no agency in the government involved coherently and systematically in the analysis of the various aspects of the conflict which would present the various options to her leaders or point to the possible outcomes of the proposed courses of action. Thus one of the most delicate and crucial decisions was taken without the benefit of expert advice and in an atmosphere of amateurish enthusiasm about the possible outcomes.[101]

This critique may be further developed under a number of headings. In the first place, decision making by the Cabinet is not preceded by orderly and systematic staff work by professional civil servants. Thus, an essential link in the process of sound decision making—namely, an examination by experts of all the factors relevant to the problem at hand—is missing. Problems which, because of their weighty implications for national security, call for a decision at the highest level, reach

[100] Griffith (fn. 76), 6; Robert O. Freedman, *Soviet Policy Towards the Middle East since 1970* (New York: Praeger 1975), 26-27; Insight Team of the Sunday Times, *The Yom Kippur War* (rev. ed., London: André Deutsch 1975), 33-37.

[101] Evron (fn. 29), 111.

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the Cabinet without prior elucidation of these implications. Nor is the Cabinet presented with a carefully worked-out list of options detailing an indication of the likely consequences in terms of both costs and benefits. It receives one recommendation that may be accepted or rejected; consequently, its freedom of choice is greatly restricted.

A second and related shortcoming is that decision making by the Cabinet is not based on adequate and verified information. The ministers do not receive a regular flow of detailed information that is carefully checked by experts from the appropriate government agencies. They therefore tend to rely heavily on their general knowledge and partial pieces of information gleaned from newspapers, casual conversations and even hearsay. The importance accorded to the hint that was allegedly given to Rabin by an American official at a cocktail party is a prime example of this reliance on hearsay and the ill-informed discussions to which it can lead. Without comprehensive briefings, most ministers come to Cabinet meetings with only superficial knowledge; even the Foreign and Defence Ministers, who are most directly concerned and can draw on the resources of their departments, are likely to have only partial information at their disposal.

The paucity of information and the rudimentary character of the instruments for processing it were particularly striking in relation to the Soviet Union. Although the U.S.S.R. had come to play a vital role in Middle East politics long before 1970—a role that carried serious implications for Israel's security—the government of Israel was singularly ill-equipped for the task of assessing Soviet capabilities and intentions. In the research department of the Foreign Ministry, no section was specifically concerned with the Soviet Union. Military Intelligence, although it monitored Soviet involvement in the conflict, labored under the double handicap of limited data and a shortage of professional Sovietologists for the task of interpreting the data that were available. The resultant paucity of reliable reports and analyses militated against the formulation of sound, informed, and balanced policy by the Cabinet with regard to the Soviet threat, and advice on how to deal with it. Different ministers pursued their individual hunches either in the direction of excessive pessimism (in some cases amounting to near-hysterical fear of a Soviet attack on Israel), or in the opposite direction of facile optimism.

A third defect is the short-term perspective that dominates the policy-making process, and the total absence of any planning machinery that reinforces this short-term perspective. The Cabinet does not formulate long-range policy, but simply responds to external pressures, especially

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military ones. The more intense the pressures, the more marked becomes the tendency to overlook the long-term implications of the response and to adopt a narrow-gauge security calculus. Prime Minister Meir acknowledged and defended this *ad hoc*, short-sighted, and reactive approach: " 'Our foreign policy may be limited but it is limited to our interests. . . . We have to concentrate on a very limited subject . . . simply to remain alive. . . . I [do not] know what people want of our lives when they demand of us a long-run view when, at the same time, we might be attacked and destroyed in the short-run.' "[102]

These three characteristics—lack of preparation, lack of information, and lack of planning—converge to provide ample scope for the intrusion of random and haphazard influences into the decision-making process. The subjective instincts, hunches, intuitions, and preconceptions of ministers are given free reign, and their private estimates play a decisive role in shaping policy. Some of the Cabinet members' worst miscalculations can be traced directly to a widespread and unhampered proclivity to believe only what they wanted to believe. The expectations of Egyptian, Russian, and American reactions to the bombing were based on such shaky evidence and faulty reasoning that it is difficult to avoid the conclusion that they derived largely from wishful thinking.

Another fundamental shortcoming is the preponderant influence of Israel's military in the making of national security policy. This influence can be observed at every stage of the formulation and implementation of the bombing policy. The proposal to escalate the war through the use of deep-penetration bombing originated in the General Staff; it was presented to the Cabinet for authorization after doubts concerning its technical feasibility had been dispelled. The General Staff was also the Cabinet's principal source—almost the exclusive source—of information and advice, thereby predisposing the Cabinet to agree to the bombing—the *only* option presented to it for ending the War of Attrition. Although the military aspects of this option had been carefully examined by the IDF experts before it reached the Cabinet table, that was not the case regarding its political and international aspects. The Foreign Ministry was virtually excluded from the decision-making process, and inadequate recourse was made to the professional expertise of its officials. The only official whose views were sought and taken into account was Israel's Ambassador to Washington. But Rabin was very much an exceptional case. His influence derived not from his membership in the Foreign Ministry, but from his reputation as a successful

[102] Quoted in Brecher (fn. 67), 514; trans. by Brecher from *Yedi'ot Aharonot*, April 26, 1970.

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former Chief of Staff and the direct access he had to Prime Minister Meir and the Cabinet. He used this access to counter the advice of his nominal political superior, Foreign Minister Eban, and to tip the balance in the Cabinet in favor of the course of action advocated by the military. Alternative political options were not propounded, let alone seriously considered by the policy makers.

After the military were authorized to proceed with the bombing, political thinking stagnated even further. The behavior of the government during the first four months of 1970 reflected little awareness of the importance of coordinating its military instruments with its political aims. Such orchestration presupposes the existence of clearly defined political goals. As we have seen, however, the government failed to articulate its aims with sufficient clarity. In the absence of a clear sense of direction and purpose, it was the external military reality which shaped responses. There was a tendency to act on a day-to-day basis, guided solely by the dictates of military requirements.

This inquiry has pointed to the combination of military strength and political weakness as the principal characteristic of Israel's system for the management of national security. On the policy plane, this is translated into a combination of military activism and diplomatic immobility. Internal political weakness and increasing military strength is always a dangerous combination which in history has frequently led to efforts to substitute the use of force for the inability to formulate a coherent policy. Force, however, may result in a spiral of escalation unless its application is controlled by the most carefully reasoned calculation, and unless the influence of purpose upon the means is continuing and pervasive. In this context, Israel's deep-penetration bombing stands as a monument to the fallacious and self-defeating use of military force. It constitutes a violation of the Clausewitzian precept that war is the continuation of policy by other means. It may be fitting to close, therefore, by recalling what Clausewitz wrote a century and a half ago: "The subordination of the political point of view to the military would be contrary to common sense, for policy has declared the War; it is the intelligent faculty, War only the instrument, and not the reverse. The subordination of the military point of view to the political is, therefore, the only thing which is possible."[103]

[103] Carl von Clausewitz, *On War*, ed. Anatol Rapoport (Harmondsworth, England: Penguin Books 1968), 405.

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JAPAN'S MULTINATIONAL ENTERPRISE: The Political Economy of Outward Dependency

By TERUTOMO OZAWA*

Introduction

RECENTLY and quite suddenly, Japan has emerged as a powerful home country for multinational corporations. This form of enterprise now offers not only a new form of competition in the markets of advanced Western countries, but also greater direct participation in the industrialization programs of Third-World economies. Japan at present ranks fourth in terms of the total value of outstanding foreign direct investment; the United States, Great Britain, and West Germany are the first three.[1] The rate of increase in this new economic activity has, in the recent past, been much higher for Japan than for any other country.[2] Although the total value of Japan's overseas investment is roughly one-tenth of that of the United States, Japan has already attained first or second place as a foreign investor in many developing countries such as Thailand, Indonesia, South Korea, Taiwan, Malaysia, and Brazil. Clearly, Japan is entering international competition more and more through direct overseas production rather than through trade, particularly in Third-World economies. Japan's emergence as a competitive overseas investor is in part responsible for the steady decline of the United States and Great Britain in the global share of international production.[3]

* This paper draws upon research material and analyses contained in the author's forthcoming book on Japan's foreign direct investment.

[1] It is estimated that at the end of 1974 the cumulative value of Japan's overseas investments approved by the government stood at $12.7 billion, while the United States had approximately $118.6 billion worth of overseas capital stock, Great Britain $32.6 billion, and West Germany $15.3 billion. Japanese Ministry of International Trade and Industry (MITI), *1976 Wagakuni Kigyo no Kaigai Jigyo Katsudo* [Overseas Business Activities of Our National Enterprises] (Tokyo 1976), 139.

[2] MITI, *1976 Tsusho Hakusho* [White Paper on International Trade] (Tokyo 1976), 294-95. The average annual growth rate over the period 1967–1974, for example, is estimated to have been 31.4% for Japan, 26.1% for West Germany, 10.7% for Canada, 10.4% for the United States, 9.9% for France, and 9.3% for Great Britain.

[3] According to a statistical study made by John E. Roemer, what he calls a "G-share" (an indicator of international competitiveness consisting of "internationally oriented domestic capital stock" and "book value of foreign direct investment in manufacturing") declined, over the period 1960–1971, from 43.6% to 35.4% for the United States and from 28.7% to 20.7% for Britain. Over the same period, it increased from 8.8% to 14.8% for Japan and from 18.9% to 28.8% for West Germany. See *U.S.-Japanese Competition in International Markets*, Institute of International Studies, University of California (Berkeley 1975), 149.

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Until very recently it was Japan's longstanding policy to expand industries at home by providing all sorts of protective and promotional measures. Japan strove to develop herself as an industrial workshop importing raw materials and exporting finished products, and was extremely wary of any action that might have encouraged industrialization of other Asian countries—particularly in resource-exporting countries—lest she lose vital industrial supplies. Suddenly, however, Japan has begun to make all-out efforts to set up manufacturing operations overseas in addition to the ventures in extractive industries in which Japan, as a resource-poor country, is naturally interested. By way of her overseas direct production, Japan has become perhaps the most active disseminator among the industrialized countries of industrial knowledge to assist economic development in less developed countries. At the end of 1975, the ratio of Japan's manufacturing investment concentrated in developing countries was 74.6 percent, as compared to 20.0 percent for West Germany and 17.3 percent for the United States.[4]

For a variety of reasons, Japan has had to take up direct overseas production as a matter of national survival, even though the majority of individual firms (aside from large trading companies and a handful of giant corporations) are not quite ready to do so on their own. The purpose of the present article is two-fold; first, to provide an explanation of the essential differences between the foreign investment patterns of Japan and Western countries (particularly the United States) by emphasizing the distinct macroeconomic factors influencing Japan; second, to examine how a multitude of supportive functions are being mobilized or newly arranged by both government and industry to assist the overseas expansion of individual Japanese firms, especially the ones incapable of undertaking such an expansion on their own.

Escape from the Ricardo-Hicksian Trap of Industrialism

One major characteristic of Japanese multinational corporations is that they are strongly influenced by the macroeconomic factors of their own economy as well as those of the host countries.[5] The significant elements, both internal and external, include the great dependency of the economy on foreign markets, both for export and import (particularly

[4] MITI (fn. 2), 296-97.

[5] Kiyoshi Kojima also emphasizes a macroeconomic analysis, but his analysis is in a different framework; see "A Macroeconomic Approach to Foreign Direct Investment," *Hitotsubashi Journal of Economics*, XIV (June 1973), 1-20. A further elaboration of the Kojima model is presented in Ozawa, "International Investment and Industrial Structure: New Theoretical Implications from the Japanese Experience," *Oxford Economic Papers*, November 1978.

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of natural resources); the rising environmental costs of industrialization at home; the phenomenal increase in the price of domestic industrial inputs (notably land and labor); the aspirations of developing countries to industrialize and their eagerness to attract Japanese capital and technology; and the rising protectionism against Japanese exports in the world market. In short, Japanese corporations are responding both to the needs of their own economy and the new requirements of foreign markets.

The internal factors of the Japanese economy can be put into a theoretical perspective in terms of John Hicks's analysis of industrialism.[6] In his Nobel Memorial Lecture and in another, later lecture, Hicks examined how the "impulse of an invention," which he identified as the "mainspring of economic growth," proceeds to work itself out in an industrial world.

> Obviously, in a limited world, the expansion that is due to a single improvement cannot go on forever. If railway-building, for example, went on forever, the world would in the end become cluttered up with railways. The profitability, or productivity, of a railway depends on its location; the time must come when a new railway project which will yield any surplus over cost, must be hard to find. For unlimited expansion, of a particular kind, such as that induced by a particular invention, there is not enough space.
>
> Space, however, is not the only issue. Any indefinite expansion must encounter scarcities. Some, such as the bottlenecks previously discussed, are removable; in time they can be overcome. Others—by necessity, or in the world as it is and has been—are irremovable. It is by irremovable scarcities that expansion, such as we have been discussing, is brought to a stop.
>
> The first economist to see this at all clearly was Ricardo. . . . He supposed that the supply of labour was indefinitely extensible; it would increase without limit, so long as subsistence for the increasing labour force could be provided; so his operative scarcity was scarcity of agricultural land. This was responsible for his "declining rate of profit." Because of the scarcity of land, provision of an unchanged subsistence for an increasing labour force would become more expensive from the point of view of the employer, even though there was no rise in the real consumption of the labourer himself. With labour costs rising, the rate of profit would fall. . . .

[6] Hicks, "The Mainspring of Economic Growth" (Nobel Memorial Lecture), *Swedish Journal of Economics*, Vol. 75 (December 1973), 336-48; and "The Future of Industrialism," *International Affairs*, Vol. 50 (April 1974), 218-29. A theoretical examination of the impulse concept is also presented in Hicks, *Capital and Time: A Neo-Austrian Theory* (Oxford: Clarendon Press 1973), chap. 10.

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> . . . it would still be true, even in the socialist economy, that irremovable scarcity (of land or of labour) would cause the rate of return on the spreading of the original improvement to diminish. In either case the *impulse* of the original improvement would in time peter out.
>
> When it is so interpreted (or generalized), the Ricardian theory still holds; and I maintain that it is rather fundamental.[7]

The Ricardian model applies to a closed economy without trade (cheap food imports and other imported wage goods would certainly stem rising labor costs); the irremovable scarcity of key input factors emphasized by Hicks is expected, under normal circumstances, to occur only in the long run when the economy matures.

Nevertheless, the Japanese economy, though open to trade opportunities, has experienced these growth barriers. In postwar Japan, the major technological impulse came from outside, in the form of imports of technology introduced mostly under licensing agreements.[8] The government controlled the inflow of foreign technologies in order to organize the Japanese economy around the heavy and chemical industries and to strengthen its export capabilities. Stimulated by the large-scale plant requirements of modern technologies, waves of capital investments ensued. They supported a vigorous expansion of the economy that resulted in an impressive rise in productivity of labor and competitiveness of trade. But at the end of the 1960's, the Japanese economy had reached a point where the "trend acceleration" ceased.[9]

In terms of the Ricardo-Hicksian model of industrialism, Japan's industrialization was inescapably headed for a slowdown. In fact, the higher the growth rate of the economy, the sooner the approach of the day of reckoning. Although densely populated and considered to be a labor-abundant nation, Japan began to experience labor shortages in the mid-1960's; wage rates, particularly those of young factory workers, started to rise. (There were shortages of workers of all ages except the 51-and-over group, but the shortage was most pronounced in the 19-and-under category, which is important for a variety of labor-intensive jobs in modern factories as well as in conventional small shops. The ratio of job offers to job seekers for this age group rose from 1.6:1.0 in 1965 to 5.1:1.0 in 1970.)[10]

[7] Hicks, "The Future of Industrialism," (fn. 6), 218-19.

[8] Ozawa, *Japan's Technological Challenge to the West, 1950–1974* (Cambridge: The M.I.T. Press 1974).

[9] Kazushi Ohkawa and Henry Rosovsky, *Japanese Economic Growth: Trend Acceleration in the Twentieth Century* (Stanford: Stanford University Press 1973).

[10] Both supply and demand in the industrial labor market contributed to this development. First of all, Japan's overall population has become older, with a drop in the absolute number of 15- to 19-year-olds in the labor force, which had earlier been bol-

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Moreover, a serious shortage of land soon became apparent. The Japanese economy, confined within a small geographical space, as in Ricardo's microcosm, was clearly pushing against its meager physical limit for industrial expansion. By the end of the 1960's, the Pacific coastal regions of Japan's mainland, known as *Tokaido*, were literally cluttered with factories; continuous urban industrial sprawl obliterated the rural areas that had once existed there. The extremely high density of industrial activities—indeed, the world's highest density measured in terms of a country's GNP per unit of flat land—resulted in aggravating the malignancies of pollution, congestion, and ecological destruction. In fact, Net National Welfare (NNW), a measure of national welfare conceptualized originally by Paul A. Samuelson and now used experimentally in Japan, declined after 1968 despite (or rather because of) a rapid continuous growth of GNP.[11] It is no coincidence, then, that Japan's overseas investment suddenly grew in 1968 and has ever since been on the rise. The value of overseas investment approved by the government in fiscal 1968, $557 million, added 38.4 percent to the cumulative value of investment which, during the 17-year period between 1951 and 1967, had totaled $1,451 million. From 1968 to the end of fiscal 1975, overseas investment increased at an average annual rate of 35.4 percent, reaching a total value of $15,943 million on March 31, 1976.[12]

In the meantime, the expansionary impact of imported technologies began to lessen as the technology gap narrowed. With the oil crisis of 1973 and the rising economic nationalism of the resource-exporting countries, Japan's vulnerability, based on her dependence on overseas resources, suddenly became critical.

For many years, Japan had been fortunate in her ability to import

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stered by the "baby boom" of the early postwar period. This age group declined from 12.4% of the total labor force in 1955 to 5.7% in 1970. Furthermore, rising incomes and Japan's traditional system of corporate promotion based on educational background encouraged an ever-increasing number of young people to seek a higher education. For example, the percentage of junior high school graduates who entered employment declined from 38.6% in 1960 to 18.7% in 1969; the ratio also dropped for senior high school graduates, from 61.3% to 58.9%.

At the same time, Japan's economic growth brought about a surge in the demand for young workers who were highly adaptable, both physically and mentally, to modern industrial operations. Thus the labor market for young workers became tighter than that for any other age-group. See Ozawa, "Multinationalism, Japanese Style," *Columbia Journal of World Business*, VII (November-December 1972), 33-42.

[11] The decline in NNW is referred to by John W. Bennett and Solomon B. Levine, "Industrialization and Social Deprivation: Welfare, Environment, and the Postindustrial Society in Japan," in Hugh Patrick, ed., *Japanese Industrialization and Its Social Consequences* (Berkeley: University of California Press 1976), 447.

[12] MITI (fn. 1), 106.

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energy and mineral resources at low prices. The conventional trade mechanisms had been sufficiently reliable to ameliorate the situation resulting from Japan's exiguous natural endowments—a handicap that otherwise would surely have stultified any budding industrialization in that island economy. In fact, the postwar Japanese economy was designed to operate, as it had in prewar days, essentially as a "processing economy"—importing raw materials, processing them into finished products, and exporting them overseas. But now its processing activities had come to be centered, as they had *not* in prewar days, around heavy machinery, chemicals, and petrochemical products, instead of light manufactures. Trade had initially been Japan's sole link with the outside world, a means of escape from the scantiness of natural resources at home. But it soon became evident that access to overseas resources through trade was no longer secure and dependable. Japan was confronted with the worldwide rise in demands for natural resources and the increased desire on the part of resource-exporting countries to extract as many economic and political benefits as possible from the disposition of their resources.[13]

Although scarcities of labor and land became quite serious toward the end of the 1960's, Japan had by then succeeded in making another key factor—capital—relatively abundant. This relative abundance was partly in the form of foreign exchange reserves, the result of Japan's achievements in world trade. In order to circumvent the uncertainties of foreign supplies of industrial resources and to cope with her shortages of land and labor, Japan began to export surplus capital to other countries in which land and labor existed in abundance. (The sudden increase of international reserves and the steep appreciation of the yen triggered by successive devaluations of the dollar in the early 1970's compelled the Japanese Government to go through three stages of a so-called "yen defense program" to reduce an embarrassingly large stock of reserves and to "defend" the yen from further appreciation. The first such program was introduced in June 1971, the second in May 1972, and the third in October 1972. Various measures were taken to encourage imports and capital outflows and to discourage exports and capital inflows on a temporary basis. The yen's appreciation amounted to a subsidy for investing Japanese companies. In addition to liberalizing the outflow of capital, the government instituted a special loan program for overseas investment which provided for a lower

[13] For a discussion of Japan's resource diplomacy, see Saburo Okita, "Natural Resource Dependency and Japanese Foreign Policy," *Foreign Affairs*, Vol. 52 (July 1973), 714-24; Ozawa, "Japan's Resource Dependency and Overseas Investment," *Journal of World Trade Law*, XI (January-February 1977), 52-73.

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rate of interest and expanded the availability of long-term funds in foreign exchange.)

Because of the uncertainty of supplies of overseas resources, the scarcities of labor and industrial sites at home, and the deteriorating environmental conditions, the Japanese Government adopted an epoch-making policy to restructure Japan's industry in accordance with a proposal by the Industrial Structure Council, a consultative organ for Japan's Ministry of International Trade and Industry (MITI). The policy emphasized a shift from "pollution-prone" and "resource-consuming" heavy and chemical industries toward "clean" and "knowledge-intensive" industries; it assigned a new role to overseas investment—as a catalyst to houseclean the economy.

In short, Japan resorted to an internal structural adjustment and to overseas investment essentially in order to escape from the threatening Ricardo-Hicksian trap of industrialism into which she was inexorably being led by her own high-powered economic growth. The uniqueness of Japan's overseas investment activities helps to explain why they suddenly expanded in the late 1960's and have continued to grow at a rate faster than that of any other country. Classical macroeconomic growth theory, then, provides a relevant framework for interpreting the basic forces that underlie Japan's overseas investment.

By way of contrast, it is interesting to note the micro-oriented historical interpretation of multinationalism held by Western economists. For example, Harry G. Johnson observes:

> . . . the multinational corporate enterprise represents the contemporary stage of development of the national corporate enterprise, which in its turn developed from the local corporate enterprise, which in turn evolved from the noncorporate local (though sometimes national or international) enterprise. At each stage of this evolution, there has been protest over and attempts to arrest or control the emergent next stage. . . . The national enterprise has emerged, survived, and prospered because its superior economic efficiency has triumphed over efforts to keep it local and controllable by local political processes.[14]

This view is very similar to Stephen Hymer's law of increasing firm size;[15] it implies that *with* or *without* the Ricardo-Hicksian shortages of key productive factors, the individual firm naturally tends to evolve

[14] Johnson, "Economic Benefits of the Multinational Enterprise," in H. R. Hahlo, J. Graham Smith, and Richard W. Wright, eds., *Nationalism and the Multinational Enterprise: Legal, Economic and Managerial Aspects* (Dobbs Ferry, N.Y.: Oceana Publications 1973), 165-66.

[15] Hymer, "The Multinational Corporation and the Law of Uneven Development," in Jagdish N. Bhagwati, ed., *Economics and World Order from the 1970's to the 1990's* (New York: Collier-Macmillan 1972), 113-40.

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into a multinational enterprise as it grows in size and organizational sophistication in this age of modern communication and transportation. That pattern of development may indeed be a long-term tendency insofar as Western multinational corporations are concerned, notably U.S.-based enterprises. U.S. multinationals are moving outward more or less as a result of the organic growth of *individual* business organizations. Until a firm reaches a relatively large scale of operations at home, it is likely to put off foreign investment. Richard E. Caves explains that, "because information costs associated with undertaking a foreign investment are both heavy and relatively fixed, small but rising firms that might someday find direct investment profitable may rationally postpone it until their penetration of the home market is more advanced."[16]

Overseas production is, then, a postponable luxury for those U.S. manufacturers who have not attained the necessary size. Indeed, size is the most dominant feature of U.S. multinationals, as empirically shown by Thomas Horst.[17] This feature is also stressed by John K. Galbraith, who interprets overseas investment essentially as the rational behavior of big oligopolistic corporations nurtured in an advanced capitalist economy like that of the United States.[18] What he calls a "technostructure" comes into existence in a mature stage of capitalism. The technostructure is "a complex of scientists, engineers, and technicians" in the fields of management, marketing, and production, hired by a big corporation. It is a planning system built on "collective intelligence." According to Galbraith, the United States is the first country to have arrived at such a mature stage of economic growth that business organizations become technostructures:

> Here, it follows, is the explanation of the eminence of American corporations in transnational operations. It is not because they are American. Where foreign firms have developed large and powerful technostructures, as in the case of Philips, Shell, Unilever, Nestlé, Volkswagen, they have exploited transnational operations as vigorously as any American firm. But the United States, befitting its higher level of industrial development, has the most advanced planning system. Accordingly it has far more corporations that are prepared for transnational operations than any other country.[19]

[16] Caves, "Industrial Organization," in John H. Dunning, ed., *Economic Analysis and the Multinational Enterprise* (London: Allen & Unwin 1974), 130.

[17] Horst, "Firm and Industry Determinants of the Decision to Invest Abroad: An Empirical Study," *Review of Economics and Statistics*, Vol. 54 (August 1972), 258-66.

[18] Galbraith, *Economics and the Public Purposes* (Boston: Houghton Mifflin 1973).

[19] *Ibid.*, 169-70.

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The Western explanation of multinationalism is clearly not appropriate for the recent Japanese experience; it does not elucidate why Japanese national enterprises, small as well as large, *suddenly* and *simultaneously* took on multinational characteristics in the late 1960's, although most of them had not yet, by Western criteria, quite reached the stage at which they evolved naturally into multinational corporations. (At the end of 1975, 41.8 percent of Japan's parent firms for overseas manufacturing were small- and medium-sized firms with a capital of less than 100 million yen or fewer than 300 employees. In the case of Japanese ventures in Asia, 49.4 percent of the firms were of small or medium size; in South Korea, 70.0 percent.)[20] They had been driven overseas by the scarcity of production factors at home and the growing environmental constraints on further industrialization of their economy, rather than by the growth of their *individual internal* capacities to operate on a global scale. Indeed, the very weakness of their capacity to invest overseas on their own led to Japan's unique pattern of government-supported and group-oriented multi-firm investments overseas and to the heavy use of external funds to finance the overseas ventures of individual enterprises.

"Arranged" Competitiveness

A. Government Support and Debt Financing

Perhaps the most important feature that lends strong support to Japan's overseas industrial expansion is the role of the Japanese Government in encouraging, assisting, and occasionally even participating in (albeit indirectly), private overseas ventures. The Japanese Government officially treats private overseas investments as an integral part of Japan's overseas economic assistance. In fact, because of the sharp increase in private overseas investments, Japan was able to claim that in 1973 more than 1 percent (1.42 percent) of her GNP was transferred to less developed countries in the form of development assistance; she thereby exceeded the "one percent target" of economic foreign aid internationally agreed upon in the United Nations.[21] It is debatable, however, whether private overseas investments should be construed as for-

[20] Japanese Agency of Small and Medium Enterprises, *1975 Chusho Kigyo Hakusho* [White Paper on Small and Medium Enterprises] (Tokyo 1975), 284.

[21] MITI, *Kaigai Keizai Kyoryoku no Genjo to Mondaiten* [Present Conditions and Problems of Overseas Economic Cooperation], 1973; summarized in "Japan's Economic Cooperation: Its Present State and Problems," *Oriental Economist*, XLIII (January 1975), 17.

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eign aid; strictly speaking, foreign aid is, as Raymond F. Mikesell defines it, "a transfer of real resources or immediate claim on resources (for example, foreign exchange) from one country to another, which would not have taken place as a consequence of the operation of market forces or in the absence of specific official action designed to promote the transfer by the donor country."[22] Private overseas investments are certainly determined by "the operations of market forces" and do not involve the idea of "economic sacrifice" implied in the term "foreign aid."

It is understandable that for reasons of international diplomacy the Japanese Government is tempted to magnify the flow of resources for economic assistance by including private overseas investment. Aside from the question of appropriateness from a definitional point of view, moreover, the treatment of market-encouraged private-resource flows as an inseparable part of Japan's official development assistance presents quite a realistic picture of the manner in which "foreign aid" is provided by Japan. For there is a growing trend of coordination and collaboration between the Japanese Government (official foreign aid) and industry (private overseas investment) in Japan's productive activities overseas.

In 1972, the Japanese Economic Planning Agency noted a close association between the two flows:

> . . . In the case of all DAC [Development Assistance Committee of the Organization for Economic Cooperation and Development] members, . . . Government aid is extended to countries in a lower stage of industrialization while direct investment is made in countries in a higher stage of industrialization. As for Japan, government aid and private investment are almost equally distributed. This is partly because Japanese aid is concentrated in Southeast Asia where the rate of industrialization in mining and manufacturing is 10-20 percent in most countries. Such a pattern of aid often presents the problem of private direct investment being concentrated in the same region that Government aid is concentrated. It is necessary, therefore, to create basic conditions for development by expanding Government aid and to diversify private direct investment to include as many regions as possible.[23]

Although the statement does not explain why Japan's official aid and private investment coincide, the reason is obvious: in the 1950's Japan's reparation program helped to pave the way for the advance of Japan's

[22] Mikesell, *The Economics of Foreign Aid* (Chicago: Aldine 1968), 194. Sukehiro Hasegawa, in *Japanese Foreign Aid: Policy and Practice* (New York: Praeger 1975), points out the strong ethnocentric nature of Japan's economic aid.

[23] Economic Planning Agency, Japanese Government, *Economic Survey of Japan (1971–1972)* (Tokyo: Japan Times 1972), 116-17.

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trade and private overseas investments into the Asian region;[24] in the 1960's, aid loans further opened up many markets in Asia and Latin America; and in the 1970's, massive aid loans are being extended to the Middle East, accompanied by the advance of Japanese industry in the region.[25] An even greater dispersion of Japan's economic assistance has occurred since 1972—with the share of Asia declining and the shares of Latin America and the Middle East rising.[26] The flows of official aid and private investment have become even more concurrent than before. As the Japanese Government is officially determined to make economic assistance more "effective" by calling upon Japan's private enterprises to assist in the actual implementation of investment projects, this trend can be expected to intensify. Instead of merely leaving the use of aid to the discretion of the aid-receiving country, the Japanese Government plans to require feasibility studies, planning of the necessary infrastructure and plants, and acquisition of managerial and technical training.[27] This approach constitutes a new form of "tied aid," designed to foster both Japan's exports *and* her direct foreign investment.

Furthermore, Japan's official bilateral aid exhibits an unusually high ratio of loans to grants. Over the period 1972–1974, for example, this ratio was as high as 72.2 percent, as compared to the average of 35.6 percent for all the DAC member-countries of the OECD.[28] The "tied aid" characteristic is no doubt stronger in loans than in grants, since loans are offered for specific projects that the lender must approve in terms of their economic feasibility and rationality—usually from his own vantage point. Official loans are often extended in return for purchases of industrial plants and equipment from the lending country. Japan is making relatively more active use of this particular form of bilateral aid than any other country.

In addition to foreign aid, the Japanese Government also provides private Japanese firms with "internal aid," with which they then finance their overseas investment. For example, the Export-Import Bank of Japan extends large loans to Japanese investors who are allowed to use them for three purposes: (1) to finance their equity ownership in over-

[24] A concise examination of Japan's economic cooperation policies is presented by J. Alexander Caldwell, "The Evolution of Japanese Economic Cooperation, 1950–1970," in Harold B. Malmgren, ed., *Pacific Basin Development: The American Interests* (Lexington, Mass.: D.C. Heath 1972), 23-60. See also Seiji Naya and Richard Schatz, "Trade, Investment, and Aid: The Role of the U.S. and Japan in Asian Economic Development," *ibid.*, 61-80.

[25] Ozawa, "Japan's Mid-East Economic Diplomacy," *Columbia Journal of World Business*, IX (Fall 1974), 38-46.

[26] *Oriental Economist* (fn. 21), 17.

[27] *Ibid.*, 19.

[28] MITI (fn. 2), 268.

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seas ventures; (2) to provide debt capital to their overseas ventures; and (3) to finance the purchase of plants and equipment from Japanese firms, to be installed in overseas ventures. Another governmental agency, the Overseas Economic Cooperation Fund (OECF), invests public funds in those large-scale projects of resource-development or processing that are set up as joint ventures with the government of a developing host country—projects which, because of their large scale, the private Japanese sector cannot finance alone. The investment takes the form of equity capital participation (the agency usually becomes the largest shareholder) in an investment syndicate organized by a group of Japanese firms representing the Japanese interest in overseas ventures. The Japanese International Cooperation Agency (JICA) also extends loans and performs other functions, such as providing technical assistance for the development of infrastructural facilities required by an "economic development" project in which Japanese industry participates.

In order to assist Japan's small firms in light industry (and the developing countries interested in joint ventures with these Japanese firms), another governmental agency, the Overseas Trade Development Association, conducts preliminary surveys in the potential host countries on the practicality of proposed ventures, and extends interest-free loans to participating Japanese firms. The maximum term is 20 years, for four-fifths (normally two-thirds) of the required capital. In addition, the government-affiliated financial institutions established specifically to assist small firms (such as the Small Business Finance Corporation, the People's Finance Corporation, and the Central Bank for Commercial and Industrial Cooperation) provide advice and commercial loans for overseas investment.

As a result, by the end of March 1975, 34.2 percent of the overseas investment capital of Japanese multinationals was borrowed from government-affiliated financial institutions; 32.8 percent from private financial institutions (mostly city banks whose liquidity is in turn controlled by the Bank of Japan); the balance, 33.0 percent, was financed internally by the individual firms.[29]

Not only are investing Japanese firms dependent on loans to finance their own equity interest; their overseas ventures are in turn dependent on the use of debt capital—that is, on direct overseas loans. Direct overseas loans are made in foreign currency, capital goods, and services by

[29] MITI (fn. 1), 25; survey based on replies by 1,194 firms accounting for 78.4% of the total value of overseas security investments made by Japanese firms as of March 31, 1975.

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Japanese firms to their affiliated overseas ventures. Reflecting this widespread practice, the official statistics of Japan's direct foreign investment are comprised of five categories: (1) securities investments (involving the acquisition of equity interest in return for investments in the form of capital, physical equipment, and industrial property); (2) direct overseas loans; (3) the acquisition of real estate; (4) the establishment of branch offices; and (5) direct overseas investment (by firms as Japanese corporate persons without their being incorporated locally). The first two forms of investment alone account for more than 90 percent of the total value of Japan's investment—55.3 percent for securities investment and 36.7 percent for direct overseas loans.[30] The inclusion of loans in Japan's direct foreign investment is an unusual arrangement; the normal practice of the International Monetary Fund and the United States is to exclude loans from such a classification on the grounds that loans do not accompany ownership and managerial controls.[31]

The internal nature of these loans enhances the managerial control of Japanese interests in overseas production; so perhaps their treatment as direct foreign investment is justified. In addition to taking the form of capital goods and services supplied by Japanese parent companies or partners, these loans are also extended to local joint-venture partners who are short of capital to finance their portion of equity ownership—not an uncommon situation in the developing host countries. Under this sort of financial arrangement, the Japanese partners are likely to end up exercising much stronger managerial control than their equity share implies.

In sum, the financial strength of Japan's overseas advance is built upon *three layers of debt financing*: official aid loans extended by the government to induce the host countries to acquire Japanese capital goods and services for infrastructural projects (which create a favorable climate for direct foreign investment by Japanese industry); bank loans acquired by the investing Japanese firms from both government-affiliated institutions and private banks to finance their share of equity interest in overseas ventures; and direct overseas loans provided by Japanese firms to their overseas affiliates (and often also to the local joint-venture partners who use the funds to finance their equity ownership).

This pattern of heavy dependence on debt perhaps reflects the general financial structure of Japanese corporations. In 1975, for instance, the

[30] MITI, *1975 Wagakuni Kigyo no Kaigai Jigyo Katsudo* (Tokyo 1975), 232.
[31] H. Robert Heller and Emily E. Heller, *Japanese Investments in the United States: With a Case Study of the Hawaiian Experience* (New York: Praeger 1974), 51.

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average ratio of equity to debt capital was 16.2 percent for Japanese enterprises, compared to 52.1 percent for U.S. enterprises, 49.8 percent for British firms, and 35.7 percent for West German firms.[32]

This financial practice, which has enabled Japanese firms to grow rapidly throughout the postwar period, is now extended equally to Japan's overseas investment and has become recognized as an important source of Japanese competitiveness. Indeed, the constant need for growth (a larger share of the market) created under these financial arrangements may itself be an important driving force behind the overseas expansion of Japanese firms. Throughout the postwar period of the "economic miracle," heavy debt-financing for growth was encouraged by the Japanese Government. In part, this was a way of supplying funds to the capital-short economy in order to avoid dependence on foreign capital. Now the individual firm with insufficient financial strength to invest overseas is similarly provided with funds by the Japanese Government and its closely controlled financial sector.

B. SUPPORT FROM GENERAL TRADING COMPANIES

Aside from the peculiar financial setup, there is another distinctive feature: the organizational help provided to her overseas investors by Japan's omnipresent general trading companies, known as *sogo shosha*. The trading companies are industrial organizations whose existence is unparalleled elsewhere on the scale and in the range of their operations. There are literally thousands of trading companies in Japan (anywhere from 3,000 to 7,000, depending on the criteria used for classification); the most significant are the so-called "Big Ten," whose total sales at present amount to nearly 30 percent of Japan's GNP.[33] These big trading companies play a vital role in assisting small Japanese enterprises to establish manufacturing ventures overseas; they also provide the organizational skills and financial capabilities needed for large-scale resource-development ventures.

In 1976, for example, the top five of Japan's overseas investors were trading companies: Mitsui & Co., Mitsubishi Corporation, Marubeni Corporation, C. Itoh & Co., and Sumitomo Shoji Kaisha. They alone accounted for 43 percent of the total value of outstanding overseas investments made by Japan's 50 top overseas investors. Five other big trading companies (Nissho-Iwai, Nichimen, Ataka, Toyo Menka, and

[32] MITI survey reported in *Asahi Shimbun*, April 1, 1976, p. 9.

[33] Alexander K. Young, "Internationalization of the Japanese General Trading Companies," *Columbia Journal of World Business*, IX (Spring 1974), 78-86.

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Kanematsu-Kohsho) are also among the top 50.[34] In addition to maintaining their own branch offices, these trading companies normally invest in overseas joint ventures as partners with other Japanese firms that operate in manufacturing, mining, resource-processing, and leisure industries.

During the 1950's, the general trading companies spearheaded Japan's foreign investments by setting up branch offices in the key commercial centers of the world. They promoted the export of manufactured goods and secured the importation of foodstuffs, minerals, and energy resources. Thus they served as both sales and procurement agents for many Japanese manufacturers whose exports or imports had not yet become significant enough in volume, or who simply were not yet experienced enough in international transactions, to be directly engaged in overseas business operations.

When a large number of Japan's small- and medium-sized enterprises established factories in neighboring countries in order to cope with the labor shortages which began to appear in the mid-1960's, the trading companies invested in many of these ventures as partners, offering managerial and financial assistance. Often they invited local firms as additional partners. Thus, so far as their multinationalism in manufacturing is concerned, the experience of the trading companies originated in light manufacturing, notably textiles. The logical choice as a location for these labor-oriented ventures were the Asian counties where labor costs were low. Japanese enterprises have traditionally been competitive in these industries; they have succeeded in transforming their trade advantage into a new advantage in overseas production. Japanese exports of labor-intensive manufactured goods to the advanced Western countries soon began to appear as products made in Taiwan, South Korea, and other Asian countries.

This newly emerged *circular* or *triangular trade* system enjoys not only the advantage of low-cost production in the developing countries but is aided by the marketing networks spun extensively by Japan's trading companies in the world market. The global marketing channels initially established by Japan for her own exports are thus increasingly used as an outlet for exports produced in developing countries with Japanese capital and technology. Hong Kong, Taiwan, South Korea, and Singapore are most actively used as production bases by Japanese manufacturers in their triangular trade strategy. In 1973, for

[34] Toyo Keizai, *Kaigai Shinshutsu Kigyo Soran* [Japanese Multinationals—Facts and Figures] (Tokyo 1976), 2.

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example, Hong Kong exported 70.3 percent of the total sales of Japanese ventures; Taiwan, 52.1 percent; South Korea, 47.7 percent; and Singapore, 37.1 percent.[35]

It is important to stress here that Japanese ventures in developing countries enjoy a variety of additional economic advantages. First, there are few local competitors to speak of. Obviously, the less industrially developed the host country, the smaller the local competition will be. Though there may be some competition from Western manufacturers who are also active in the host country, they generally tend to operate in less labor-intensive industries, so they rarely offer serious competition. In fact, Japanese investors regard *their own* compatriot investors and exporters as stiffer competition in developing countries than local firms or third-country investors and exporters. Moreover, the host country may discourage local competition among investing foreign interests lest their economies of scale be jeopardized. Second, the Japanese are eagerly taking advantage, especially in Asia, of other financial benefits offered by host countries, such as tax holidays and freedom from duties on imported capital goods and materials. In many cases, wages in Asian countries are purposely kept low by their governments to encourage the inflow of foreign capital and technology, and to promote the export of labor-intensive products. Some developing countries, such as Taiwan and Singapore, go so far as to prohibit strikes. Labor unionism is practically non-existent in these countries and in others where large masses are unemployed. Furthermore, Japanese ventures operating in such an environment tend to rely on the lowest wage group of workers in the local labor market, since their operations are in many cases technologically unsophisticated. Because of their geographical proximity, Japanese firms also enjoy an absolute advantage in utilizing the tax-free export processing zones in Taiwan and South Korea. Japanese manufacturers abroad may even enjoy the preferential tariffs recently conferred by their own country and others on the importation of manufactures from the developing countries. In short, under the triangular trade arrangement, Japanese industry is able to retain the competitiveness which used to be derived from the use of its domestic resources, but now comes from the employment of low-cost foreign resources, notably labor.

The interest of trading companies in investing in overseas extractive ventures was evident much earlier than their interest in manufacturing ventures. Their traditional role as import procurement agents for their respective industrial groups was an important motivation for participat-

[35] MITI, *1974 Wagakuni Kigyo no Kaigai jigyo Katsudo* (Tokyo 1974), 44-46.

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ing in new extractive ventures to secure stable supplies of vital industrial resources.

Thus, while the *export-agent* role of trading companies induced them to participate in labor-intensive manufacturing investments overseas on a rather limited scale, their *procurement-agent* role impelled them to invest in extractive ventures—and on a relatively large scale. Naturally, the amount of capital they invest in extractive ventures is on the whole much greater than that invested in manufacturing, because of the former's much larger scale of operations. Besides, their interest in extractive investment is compatible with the greater role they have been playing in being procurement agents than in being export agents. (Throughout the 1960's, for example, the share of the top ten trading companies in Japan's foreign trade was on the order of 40-50 percent in the value of exports and 60-70 percent in the value of imports.)

In fact, it is in the investments they originate as procurement agents rather than as export agents that the major trading companies will play an important role as efficient organizers and participants in Japan's future multinationalism. Large manufacturers whose competitiveness is based on a truly superior technology and a well-established brand name normally do not require the help of general trading companies when it comes to their overseas sales or manufacturing ventures. On the other hand, with increasing instability in the supplies of industrial raw materials, energy resources, and foodstuffs, the establishment of secure sources of these supplies has become of paramount importance to Japanese industry; the role of the trading companies as the traditional procurement agents of these supplies has compelled them to take the leadership in setting up the so-called "develop-and-import" ventures in overseas extractive industries.

Trading companies are also the most effective organizers of extractive ventures. Since their traditional business is that of go-between for parties of different but mutually complementary interests, the trading companies are quick to discern those business opportunities that might be missed by an individual company. With their well-established business connections, they are able to bring related interests together, especially within their own industrial group, but if necessary from other groups as well. In recent years, they have been able to include even foreign companies in their multinational ventures.

Thus, Japan's overseas extractive ventures are mostly organized by the trading companies as a group investment, involving a number of mining, resource-processing, and transportation companies, and often including even manufacturing firms. The group investment is designed,

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in part, to provide participation in the business linkages and external opportunities that the extractive ventures are expected to create—demands for plants, machinery, and equipment, as well as new investment or export opportunities in later stages of production or in related industries. No doubt this type of group investment also fulfills an important risk-sharing function, since investments in extractive industries normally call for a large capital outlay involving extremely high risks. But the linkage-sharing function arranged by the trading companies as the major organizers of group investments appears to be a positive and unique characteristic of Japan's extractive ventures abroad.

Conclusion

The economic relationship between the host country and the multinational corporation has lately undergone a significant change. Paradoxically, the recent shift of bargaining power away from the multinational corporations and toward the host countries—particularly those with rich resource endowments—is in many ways a favorable turn of events for Japanese industry. Because it only joined the global game of multinationalism as a latecomer, Japan until recently only received the spill-overs of the world's key resources, which have largely been controlled by a few powerful Western interests. At the time, the supplies were both abundant and secure, so that Japan actually benefited as a buyer without becoming directly involved in resource exploitation. Since then, the resource-rich developing countries have gained political muscle by capitalizing on power struggles between the Western capitalist countries and the socialist bloc (and more often among the capitalist countries themselves). With the rise in demand, they have effectively begun to control access to their national resources. That access is now open equally to Japan and to Western interests. International bidding is becoming a standard procedure.

In addition, the developing countries now increasingly restrict the entry of foreign capital into key extractive industries and other strategically important sectors—mostly through the establishment of state enterprises that either preclude foreign participation or demand a majority share in ownership and management. Japanese multinational corporations are, on the whole, more accommodating and more inclined to work out compromises with the host countries than their U.S. counterparts, for example. American multinationals may insist on complete or majority ownership, while Japanese firms are often quite willing to accept minority ownership. Barnet and Müller see it this way:

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> The new flexibility that permits poor countries to demand competitive bidding is a consequence of the sharpening economic competition among the rich countries, which more and more have similar resource needs. Until the late 1950's or early 1960's (depending upon the region), U.S.-based global companies dominated foreign investment almost everywhere. But between 1965 and 1971 the growth rate of German and Japanese foreign investment was approximately triple the U.S. rate. In many cases the Japanese have been able to offer better terms than the Americans. (The Minister of Fuels of a Latin American country told us that Japanese, German, and East European companies were bidding for mineral concessions which fifteen years ago would have gone as a matter of course to a U.S. corporation. The Japanese, he explained, offered much the best terms.) Indeed, it frequently happens that the Japanese, who are significantly increasing their investment in Brazil among other places in Latin America, are able to outbid the Americans.[36]

The high propensity of Japanese firms to opt for minority ownership is reflected in the fact that 43.9 percent of 3,214 Japanese overseas ventures surveyed in 1975 held less than 50 percent in equity ownership. In Asia, the ratio was 59.7 percent; in the Middle East and Africa, 72.9 percent.[37] This is in sharp contrast with U.S.-based multinationals, for which minority ownership was 8.3 percent in 1967.[38]

The willingness of Japanese firms to "cooperate" stems from the fact that the social as well as the private benefits of overseas investment are high for the Japanese economy; in most cases, the former are higher than the latter. Consequently, various governmental measures are provided to defray part of the private cost and to realize the social benefits. (Under the law on overseas loss reserves, for example, the overseas ventures are allowed to put aside a given percentage of the value of their investments abroad and to report it as a loss from taxable income; the rate varies depending upon the region and commodities involved.)

Overseas production has suddenly emerged as a *structural requirement* for Japan, encompassing practically the entire spectrum of her industries and enterprises, small and large alike. Segments of industrial activities that are no longer suitable for the Japanese economy—environmentally or otherwise—must be transplanted abroad; and overseas resources must be developed directly to insure supplies. Overseas investment is a *national desideratum* for Japan, a policy officially encouraged and wholeheartedly supported by the Japanese public, including labor

[36] Richard J. Barnet and Ronald E. Müller, *Global Reach: The Power of the Multinational Corporations* (New York: Simon and Schuster 1974), 202-3.

[37] Computed from the results of a MITI survey made in 1975. MITI (fn. 1), 157-60.

[38] Computed from 1967 data based on 187 U.S.-controlled multinational enterprises. James W. Vaupel and Joan P. Curhan, quoted in Raymond Vernon, *Sovereignty at Bay* (New York: Basic Books 1971), 141.

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unions. Whether or not the individual firms affected have gained a size advantage and developed an internal structure mature enough for overseas production is almost immaterial; they are all compelled to expand abroad. Hence the provision of governmental loans, subsidies, and other incentives to promote direct foreign investment, and the formation of mutually supportive group investments as a way of compensating for small size.

At the policy level, overseas investment is now viewed as an essential device by which to upgrade Japanese industry and to make economic aid to other countries more "effective." The Japanese Government's integration of overseas investment in both overall economic growth strategy and foreign economic policy is in sharp contrast to the rather vacillating attitude of the U.S. Government toward its own multinational firms. The U.S. Government "has not even made up its mind whether to recognize the existence of the MNE [multinational enterprise] in foreign economic policies, much less whether it is good or how it should be treated."[39] Before World War II, American corporations played an important role as agents of the political domination of the United States over Latin America; and in the postwar years (particularly in the 1950's and the early 1960's), the U.S. political hegemony of the free world was, in turn, the "necessary" if not a "sufficient" condition for U.S. corporations to dominate the world market as multinationals. Robert Gilpin states that "the multinational corporation has prospered because it has been dependent on the power of, and consistent with the political interests of, the United States."[40] But against the backdrop of a steady decline of American power, U.S. multinationals with their expanding overseas operations inevitably began to act outside the sphere of influence of their home country and often against their national interests; as a result, the United States is politically ambivalent about its multinationals. By comparison, the growth of overseas investment by Japanese corporations has just begun to be promoted by the government, essentially to meet Japan's national interests.

In fact, Japan is perhaps reaping greater benefits than other industrialized countries in this age of multinationalism. She has traditionally striven to better her economic lot by supplementing her meager endowment of natural resources with international trade, making the best use of trade opportunities. Multinationalism offers a superior alternative

[39] Jack N. Behrman, "The Multinational Enterprise in 1976 and After," in S. Prakash Sethi and Richard H. Holton, eds., *Management of the Multinationals: Policies, Operations, and Research* (New York: Free Press 1974), 21.

[40] Robert Gilpin, *U.S. Power and the Multinational Corporation* (New York: Basic Books 1975), 41.

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for Japan to escape from the domestic confines of limited natural resources. Through multinationalism, she can utilize overseas resources more effectively than was possible through the sole medium of international trade: overseas production makes it possible to acquire both *importable* and *unimportable* foreign resources. It is the latter kind of resource (namely, industrial land and labor) whose shortages at home have emerged as constraints on Japan's economic growth. Japan is adroitly capitalizing on the present global trend in economic integration.

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GREAT BRITAIN:
The Illusion of Governmental Authority

By NORMAN H. KEEHN

IN Great Britain the familiar governmental world is crumbling. A shifting constellation of political and economic forces combined with the coalescence of refractory socioeconomic problems have reduced the effectiveness of government. The British Government is presiding with deteriorating capability over a fissiparous society which threatens to become too divided to agree, too centrifugal to be directed, too assertive to acquiesce, too demanding to be satisfied, and too complex to be governed. There is mounting doubt that the government can meet the expectations of the electorate or that it can solve recurring problems. It has become increasingly evident that familiar forms no longer fit, established institutions and conventions have been corroded by time, venerable forums are unsuited for decision making, and traditional authority patterns have been broken. Earlier notions of the nature and conception of government have been found wanting.

What is being called in question is the governability of Britain. Ungovernability is indicated by (1) the inability of government to meet the aspirations and expectations of the electorate and producer groups;[1] (2) increasing incidences of noncompliance or nonperformance by those upon whom government depends to carry out public purposes;[2] (3) growing irreverence for the law;[3] and (4) dissolution of bonds of allegiance.[4]

Why has Great Britain become ungovernable? What are the consequences of organized social complexity for government? How has the British system of government adjusted itself to the problems of ungovernability? And what has been the result of the adjustment?

[1] Samuel Brittan, "The Economic Contradictions of Democracy," *British Journal of Political Science*, v (April 1975), 129-59; David Coates, "Politicians and the Sorcerer: The Problems of Governing with Capitalism in Crisis," in Anthony King, ed., *Why is Britain Becoming Harder to Govern*? (London: BBC Publications 1976), 33-55; James Douglas, "Review Article: The Overloaded Crown," *British Journal of Political Science*, VI (October 1976), 483-505.

[2] Anthony King, "Overload Problems of Governing in the 1970s," *Political Studies*, XXIII, Nos. 2-3 (1975), 284-95; John P. Mackintosh, "The Declining Respect for the Law," in King (fn. 1), 74-94.

[3] Mackintosh, *ibid.*

[4] Ian Gilmour, "A Chance to Do Something About the Sad State of Britain," *The Times*, October 6, 1975, p. 12.

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I. The Problem of Governability

It has become more difficult to govern Great Britain because of the impact of the increasing range of responsibilities assumed by government, combined with the expansion of dependency relationships.

RESPONSIBILITIES

The liberal, capitalist British democracy confronts a paradox. Within the last few decades, the power wielded by government has increased exponentially. At the same time, government has appropriated to itself manifold responsibilities, for which it is held accountable by the electorate. The state is no longer a neutral arbiter; it is now viewed as a paternalistic benefactor, an omniscient provider. In an era of collectivist policy, the distinction between public and private purposes has been blurred by the aggressive interventionist spirit of the state. Keynesian concepts of economic management, a commitment to full employment, and the upsurge of interest in economic planning have given powerful impetus to state intervention. But accretions in power and the extension of activities into more and more social, economic, and industrial areas have been at the expense of performance. The main criterion of governmental performance is the management of the economy; it is the yardstick by which government is evaluated and, ultimately, respected. The British Government has been unable to manage the accumulated economic problems of a highly industrialized and complex economy. Higher rates of economic growth have proved to be elusive; attempts to control inflation have been abortive; the goal of full employment has remained unfulfilled; and efforts to strengthen the balance of payments have been ineffective.

Government's responsibility for guiding, shaping, and initiating economic activity has widespread political ramifications. The electorate, as studies have shown,[5] has a strong tendency to reward the governing party that is able to deliver public goods—such as price stability, a higher rate of employment, faster economic growth, and rising standards of living. Conversely, the political party that earns the right to govern by successfully managing the economy runs the risk of losing its mandate when the state of the economy falls short of the electorate's expectations.[6] The governing party and the opposition respond to the

[5] David Butler and Donald E. Stokes, *Political Change in Britain* (London: Macmillan 1974), chap. 18; William D. Nordhaus, "The Political Business Cycle," *Review of Economic Studies*, XLII (April 1975), 169-89; Douglas (fn. 1), 486-87.

[6] Harold Macmillan explained the by-election setback suffered by the incumbent

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perceived link between the state of the economy and the government's popularity by competitive vote bidding. Rival parties vie with each other over the ability to deliver public goods. Competition imparts a systematic upward bias to the expectations of citizens concerning what the government will and ought to do for them.[7] Competitive vote bidding, however, tends to conceal tradeoffs from the electorate's view, leading the voters to think primarily in terms of gains, not costs.

It was once thought that the panoply of macro-economic controls had so augmented the power of the central government that it would be extremely difficult to remove an administration. But that has proved to be an illusion because of the link between the state of the economy and the popularity of the government. As the electorate becomes disappointed with the performance of the economy, the political system oscillates from one government to another. Under these circumstances, it becomes less likely for a government to achieve long-term objectives; the compulsions of short-run political considerations are likely to prevail, to the detriment of the medium- or long-term interests of the economy. As a result, there is a tendency for commitment to economic policies to fluctuate with contingent conditions and interests: the history of incomes policy is an example. Short-run perspectives result in inconsistent and incoherent economic policies bending before the vicissitudes of shifting political popularity, sustained only by the expediencies or crises of the moment. The imperatives of electoral politics are inimical to sustained, continuous initiatives by the Government.

INTERDEPENDENCE

While the scope and range of the responsibilities of government have grown enormously, there has been a diminution in its capacity to carry them out. Some British scholars attribute this problem to the growing organized social complexity of society.[8] One of the hallmarks of complexity is interdependence.[9] The multiplicity of links forged between the state and the private sector of the economy has given rise to a vast and intricate network of dependency relationships. While the private sector relies heavily on the state for benefits, the cooperation, support,

Conservative Party in 1962 by writing that the voters' revolt "springs most from the Government's inability to keep the economy on an even course of continuous progress. It deplores 'Stop-and-Go' or 'Acceleration and Brake.'" Harold Macmillan, *At the End of the Day, 1961–1963* (London: Macmillan 1973), 58.

[7] Brittan (fn. 1), 137-44; Samuel H. Beer, *British Politics in the Collectivist Age* (New York: Vintage Books 1969), 341-49.

[8] See Douglas (fn. 1), 483-505; King (fn. 2), 284-95.

[9] Todd R. LaPorte, ed., *Organized Social Complexity: Challenge of Politics and Policy* (Princeton: Princeton University Press 1975), chap. 1.

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or passive acquiescence of the holders of economic power are the scaffolding for the state's effective economic policy.[10] Without the consent and the cooperation of the governed, the capacity of government to pursue and achieve economic objectives is very much restricted. The British economy is too complex and interdependent to be managed in a "conflicted society." This means, as Alec Cairncross put it, that "skill in managing the economy begins to rest more heavily on proficiency in economic psychiatry than on insights into econometric relationships."[11]

With the expansion of responsibilities and the attendant multiplication of decisions, the number of corporate interests who must endorse these decisions has also increased. Thus, as a society grows more interdependent, the government becomes more vulnerable to the disruptive effects of elements who withhold their consent and cooperation. Governability ultimately hinges on the power relationships between government and powerful economic interests.

Under dependency relationships, hierarchical control is considerably more difficult to exercise; dependency deprives government of the suppleness it needs to manage the economy. In order to activate commitments, mobilize consent, and secure compliance with and support of its policy decisions, a government must possess resources; power, in the sense of the "capability to shape the structure and performance of the entire economy,"[12] derives from the possession of resources.[13] To the extent that a government has resources at its command, it has potential power.

Under liberal managed capitalism, socioeconomic interests derive potential power from the performance of vital productive functions. Corporate forces, which have accrued their own power capability, can render government by consent impotent by disagreement. The power of elites and collectivities is therefore determined by the extent to which they can modify the government's commitment, bridle its action, and alter its goals. The degree of government power thus depends on the

[10] See Nigel Harris, *Competition and the Corporate Society* (London: Methuen & Co. 1972), 203; Samuel H. Beer, "The British Legislature and the Problem of Mobilizing Consent," in Elke Frank, ed., *Lawmakers in a Changing World* (Englewood Cliffs, N.J.: Prentice-Hall 1966), 30-48; J.C.R. Dow, *The Management of the British Economy* (London: Cambridge University Press 1964), 34-35; R. M. Punnett, *British Government and Politics* (London: Heinemann 1968), 420-22.

[11] Cairncross, "Incomes Policy: Retrospective and Prospect," *The Three Banks Review* (London: National and Commercial Banking Group Ltd., December 1973), 21.

[12] Neil Jacoby, *Corporate Power and Social Responsibility* (New York: Macmillan 1973), 11.

[13] For a discussion, see Brian M. Barry, "The Economic Approach to the Analysis of Power and Conflict," *Government and Opposition*, IX (Spring 1974), 189-223; Warren F. Ilchman and Norman Thomas Uphoff, *The Political Economy of Change* (Berkeley: University of California Press 1971), chap. 3.

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coalescence of other foci of power. As interdependencies multiply, so does the power of the functional units over each other. Britain is harder to govern precisely because governments find themselves constrained by multiple dependency relationships.

Table 1 presents the variables that political leaders must consider in their efforts to shape the structure and performance of the economy. It reveals that government, with its increased capability for managing the economy, is confronted with "overmighty subjects" whose capabilities for frustrating its operations and jeopardizing its policies have also increased. Clearly, power relationships condition the effective limits of economic policy.

II. Organized Social Complexity

For government, there are two major consequences of organized social complexity. The first is that the cumulative and compounded forces created by organized social complexity have brought about the growth and diffusion of centers of power.[14] As a result, the British Government is faced with a disparity between its apparent power to control the overall performance of the economy and its actual lack of control. So long as the accumulated interest-propelled forces are capable of vetoing decisions made at the center, or of withholding their consent and cooperation, they can render economic policy ineffective. The power of the British Government to manage the economy therefore is drastically limited, and is to a large extent dependent on factors not susceptible to its own immediate control and influence.

The government's capacity to act decisively and deal with pressing problems is diminished by acts of noncompliance and nonperformance on the part of those upon whom it depends to achieve its economic purposes; consequently, there is general disenchantment with its performance. Since it is unable to accomplish the things that need to be done, the government's prestige is lowered, its authority eroded. (Authority is here defined as the ability to gain consent.)[15] With the dilution of its authority, there is no *a priori* certainty that the government's commands, orders, and requests will be obeyed. As Ian Gilmour laments, " 'The legitimacy and the authority' of the state has been 'contested,' and no longer does our democracy rest on 'undeniable general

[14] Jennifer Nias, "The Sorcerer's Apprentice: A Case-Study of Complexity in Educational Institutions," in LaPorte (fn. 9), 217.

[15] Harold J. Laski, *Authority in the Modern State* (London: Archon Books 1968), 35, 54-47, 66-67; Bertrand DeJouvenel, *Sovereignty* (Chicago: University of Chicago Press, 1957), 29, 31, 79.

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consent.' "[16] The erosion of authority thus calls into question one of the fundamental assumptions of managed capitalism—that government has the capability, as well as the political will, to induce economic change, and to shape the performance of the economy.

As a logical corollary, the implementation of policy becomes the focus of dynamic tension between authority and liberty. Authoritative decision making vested in the central government is countervailed by the latitude of discretion exercised by producer groups. This means that the state's sovereignty—absolute and supreme authority to make and enforce decisions—crumbles under the weight of the pluralist conception of authority. The ambivalent relation between the state whose claim to support and compliance is imperfectly realized on the one hand, and its corporate parts—which are in a position to deny the finality of government decisions—on the other, serves as an antidote to exaggerated claims of sovereignty. What undermines sovereignty is dependence—being subject to the commands, demands, and coercive power of others.

The second consequence of organized social complexity is the force of immense changes in the polity. These cumulative changes have called into question the established views of the nature and functions of government; they also have seriously eroded the conceptions of government traditionally accepted. We can already glimpse the dim outline of an alternative conception of government and the governing process.

The multiple-group British state, enmeshed in webs of mutual dependencies, bears a remarkable resemblance to the medieval pluralistic political order. In the Conciliar Age of the 15th century, the conciliarists challenged the doctrine of *plenitudo potestatis* of the pope; today, the holders of economic power limit the supremacy of the state. Like the Roman pontiff among the council and the cardinalate, the state is merely *primus inter pares*, albeit a powerful one. As in the 15th century, the diffusion of power in contemporary times leaves in doubt where ultimate authority resides. The word of the state, as the conciliarists said of the pope, is less than final. The fact is that corporatist interests—trade unions, banks, corporations, farm organizations, multinational corporations, and professional and social groups—have become part of what John C. Calhoun called "the concurrent majority." It is accepted that corporatist groups have a right to be consulted and to exercise veto power over decisions detrimental to their interests; if

[16] Gilmour, "Reforming the State by Making It Work for the People," *The Times*, October 6, 1975, p. 12.

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TABLE I

VARIABLES SHAPING THE PERFORMANCE OF THE ECONOMY

Government	*Compliance-Support Resources*	*Goals*
	Demand management policies	Economic growth
	Budgetary policy	Economic stability
	Physical and financial controls	Fuller employment
	Import controls	Improved trade position
	Taxes	Support and compliance
	Wage-price controls	Continuation in office
	Controls on short-term capital movements	
	Grants, loans, and subsidies to industry	
	Provision of basic services and raw materials	
	Public expenditures	
	Procurement policies	
	Regulations	
	Force	
	Information	

Opposition Sectors	*Opposition Resources*	*Goals*
Labor Unions	Violence	Maximization of well-being
	Sabotage	Reduction of inequalities of income distribution
	Withholding of goods or services	
	Withdrawal of support and cooperation	
	Blocking the transportation and sale of goods	
	Refusal to support or to comply with legislation passed by Parliament	
	Potential vote	
	Information	
Domestic Corporations	Decisions on:	Maximization of profits
	Investment	Price stability
	Prices	Enhancement of competitive position
	Salaries	Minimization of risk
	Location of plants	
	Employment	
	Production	
	Development of new products	
	Refusal to support or comply with government policy	
	Ability to accumulate and apply capital	
	Migratory capital (undermining monetary policy)	
	Information	

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TABLE 1 (Continued)

Opposition Sectors	*Opposition Resources*	*Goals*
Multinational Corporations	Decisions on: Investment Prices Salaries Location of plants Employment Production Development of new products Withholding of supplies or services Escape from fiscal controls through manipulating transfer prices Restrictive export sales policy (U.S. Government imposes restrictions) Migratory capital (undermining monetary policy) Ability to accumulate and apply capital Information	Maximization of profits Price stability Enhancement of competitive position Minimization of risk

the right of advice and consent is denied, the resulting legislation or policy is not considered fully legitimate.[17] It lacks the binding force of *communis consensus*. There is thus a shifting back to the Old-Whig Theory of Representation: government in alliance with the estates of the realm, for accomplishing common purposes. The result is the eclipse of Parliament.

Society and government are, then, in organic union. Cooperation, not conflict, is now, as it was then, the desirable norm of governing. Without it, government is immobilized. Governing, therefore, becomes a process of mutual cooperation and reciprocal influence. Governmental and corporatist interests form a working *concordat* of the realm. In order to realize economic purposes, policy makers must enhance their power by entering into partnerships or contractual relationships with producer groups.[18] Government, so envisaged, is a process of systemic

[17] See, for example, Beer (fn. 7), 71-78, 320-31; Gilmour (fn. 16); Douglas (fn. 1), 500-501; Mackintosh (fn. 2), 81-88; Harry Eckstein, *Pressure Group Politics: The Case of the British Medical Association* (Stanford: Stanford University Press 1960), 19, 22-24; Hugh A. Clegg, *The System of Industrial Relations in Great Britain* (Oxford: Basil Blackwell 1976), 399.

[18] Ghita Ionescu, *Centripetal Politics* (London: Hart-Davis, MacGibbon 1975), 1-2; Bruce L. R. Smith, ed., *The New Political Economy: The Public Use of the Private Sector* (London: Macmillan 1975).

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interaction where no single corporate body is totally supreme over the others. In a world so in flux, politics is manipulative; it is not architectonic.

This distinct method of governing is *concertation*. The expression is derived from the language of French indicative planning—*l'économie concertée*. Under this distinct method of government, the hierarchically and vertically oriented process of command-obedience of policy making is superseded by the horizontal process of participation-consent.[19] Policy is made with the advice and the consent of the social partners. Concertation forms, therefore, an indispensable bridge, linking government with the vital corporatist forces (public or private) of society. It encourages the mutual exchange of information; makes possible the articulation and reconciliation of demands; is a policy-making technique for defining and resolving economic problems; facilitates the search for a basic consensus on economic objectives; acts as a participatory device to generate commitment to economic policies; and allows government to test the political feasibiltiy of projects. One of the fundamental purposes of concertation, with its emphasis on voluntary cooperation and consensus building, is to coordinate the activities of the public and the private sectors in order to achieve anticipated national goals. These are the goals of the welfare state: price stability, economic growth, full employment, and rising living standards. Concertation is also used, as the medieval kings used the assembly of estates, to enlist support for government policies. What concertation acknowledges—indeed underlines—is that deliberate, premeditated, collaborative action is desirable to ensure correlation between governmental intentions and achievements. In short, concertation enables governments to govern.

III. Concertation

In attempting to locate the reasons for the difficulties successive British governments experienced in their efforts to combat inflation, and to account for the political, economic, and social variables inimical to policies of counter-inflation, I will focus specifically on the experiments to administer incomes policies during the 1960's and early 1970's. I intend (1) to throw light on the congeries of problems of managing the British economy; (2) to show how different governments attempted to overcome the problems; and (3) to examine the reasons for the repeated failure of stabilization policy to achieve its goals.

[19] For further elaboration, see David Coombes, "'Concertation' in the Nation-State and in the European Community," in Ghita Ionescu, ed., *Between Sovereignty and Integration* (London: Croom Helm 1974), 86-94; Ionescu (fn. 18), 1-9.

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L'ÉCONOMIE CONCERTÉE: ITS EVOLUTION

The difficulties of administering incomes policies in Great Britain should be viewed against the background of the symbiotic relationship between the state and the holders of economic power. Since it is not possible, within the confines of this article, to explore at length the historical evolution of this relationship, I will restrict myself to describing how the British Government adjusted to the constraints the symbiosis has exercised on the management of the economic system.

Throughout the First World War, the state relied on the cooperation of industry to maximize war production, and labor unions were drawn into consultative relationships. The emphasis on participation in decision making and cooperation was strengthened during the Second World War with efforts by the government to knit the public and private sectors into one coherent whole. In the wartime economy, businessmen were increasingly involved in the decision-making structure of the state; industry supplied the state with men who had special competences; and representatives of industry were brought into government committees. Government-in-partnership also involved labor in the machinery of government. Unions had parity representation on government committees and advisory bodies; they were associated in consultative relationships; and their leaders were granted open and privileged access to the government.[20] The state, with its powers swollen and its responsibilities broadened as a result of managing the wartime economy, was thus brought into intimate and continuous relationship with producer groups. Their influence and power were in turn strengthened by the state's dependence on them to carry out vital national purposes.

Although by 1945, the state seemed to have acquired a dominant and pervasive influence over the economy and society, the government had come to depend on employers' associations and labor unions for their special competences, as well as on their consent and voluntary cooperation in the tasks appointed by government. Persuasion, reciprocity, bargaining, and consultation were the desiderata for accomplishing economic purposes in the liberal democratic state. Liberal democratic procedures, however, placed practical limits on government action: the logic of cooperation ruled out command; the imperatives of consent limited the possibilities of compulsion. The state's dependence on cooperative action and reciprocal responses from capital and labor in managing a highly integrated British economy gave momentum to corporatist development.

[20] For further details, see Harris (fn. 10), chap. 2; Beer (fn. 7), chap. 7.

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The institutional framework of British industrial relations was founded on the principles of a neutral state, voluntarism, and economic freedom. Power, not the law, was the ultimate arbiter in British industrial relations. Any restraints, whether voluntary or statutory, on economic freedom could only be successful with the consent, or at least the passive acquiescence, of employers and especially of the labor unions. The preservation of the cooperative ethos and the desirability of partnership deprived the state of the use of selective measures to guide the economy, particularly those that involved compulsion.[21] The limits of compulsion were clearly recognized by the Attlee Government. What hastened the shift away from physical controls (with their *dirigiste* overtones) toward indirect controls (symbolized by the reassertion of neoliberal measures of manipulating the market) was the Attlee Government's sensitivity to organized labor's opposition to compulsory policies, especially those that interfered with the long-established tradition of workplace autonomy (for instance, manpower policies and free collective bargaining).[22] Compulsory policies would have undermined the continued possibility of normative appeals to voluntary cooperation, jeopardized the partnership, and endangered the stability of the balanced society.

To preserve social harmony, the government was constrained to use the more indiscriminate neoliberal fiscal policy (varying taxes) and monetary policy (notably the use of the bank rate) to curb inflation, underpinned by rational argument and adjurations for self-restraint to unions and employers. One result of the heavy reliance on macroeconomic techniques of demand management was the "stop-go" production cycle. Stop-go was debilitating to both short-term and long-term economic growth; it also exacerbated Britain's international competitive position.

The crippling effects that alterations of boom and slump had on the economy evoked widespread dissatisfaction and restiveness among important segments of the business community. Industrialists were among the most vocal elements in calling for a change in a policy that fluctuated in response to Britain's balance of payments. They maintained that stop-go demand-management policies disrupted investment plans, produced miscalculations in company finances, sacrificed the ex-

[21] Donald Winch, *Economics and Policy* (London: Collins-Fontana 1969), 286; Harris (fn. 10), chap. 11.

[22] See, for example, Beer (fn. 7), 200-204; Allan Flanders, *Trade Unions* (London: Hutchinson's University Library 1967), 76, 107; Kevin Hawkins, *British Industrial Relations* (London: Barrie & Jenkins 1976), 20-25, 175; Andrew Shonfield, *Modern Capitalism* (London: Oxford University Press 1967), 112-19, 160.

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port sector, and deterred investment in new productive capacity. Criticism of stop-go policies, combined with accumulating evidence that Britain's economic growth was lagging behind that of the European Common Market and Japan, produced increasing demands for a change in economic policy. International competition and aspirations for growth demanded stronger forms of economic management.

In searching for a policy to stimulate a more rapid rate of growth, the Conservative Government, which had been an enthusiastic supporter of the neoliberal economic policies, seized upon economic planning on the French model—*l'économie concertée*. A corporatist approach to planning became the means to knit the uncoordinated elements of the private sector—particularly employers and labor unions—into one coherent instrument with which to stimulate growth, ensure fuller employment, moderate inflation, and secure a favorable balance of payments. The National Economic Development Council (N.E.D.C.) was created in 1961 as a vehicle for achieving these goals. The government also envisaged it as an instrument for involving organized labor in incomes policy. The Council was intended to be a deliberative forum for evolving a basic consensus on medium- and long-term economic objectives among the representatives of the state, the Federation of British Industry (F.B.I.), and the Trades Union Congress (T.U.C.).[23]

The N.E.D.C. reaffirmed the principles of partnership, voluntary cooperation, participation, and consultation in making economic policy. In essence, concertation was an arrangement for overcoming the problem of ungovernability. However, this approach suffered from a congenital weakness, namely, the limited ability of functional representatives to commit their organizations to collective decisions. Labor union leaders, in particular, were to find it extraordinarily difficult to deliver the consent of their members.

THE CONSERVATIVE GOVERNMENT'S INCOMES POLICY EXPERIMENT, 1961–1965

Alarmed by the unfavorable effects that recrudescent inflation was having on the balance of payments, and faced with the limited effectiveness of macro-economic policies, the Conservative Government, contrary to its previous support of untrammelled trade unionism, initiated a pay pause in July 1961. Here was admission that demand-management policies alone were incapable of curbing inflation. (The idea of

[23] For further elaboration, see Jacques Leruez, *Economic Planning and Politics in Britain* (New York: Harper & Row 1976), chap. 4; Shonfield (fn. 22), chap. 8.

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wage restraint, subsequently known as incomes policy, dates from the wage freeze inaugurated in 1948 by the Labor Chancellor of the Exchequer, Sir Stafford Cripps.) The government had clearly opted for the cost- or wage-inflation thesis: if cost-inflationary pressures were to be moderated, labor unions had to temper their wage claims.

The pay pause was directed primarily at public employees; employers in the private sector were urged to follow a voluntary policy of wage restraint. When the pause ended in April 1962, the government created the National Incomes Commission (N.I.C.) to deal with wage increases. It was composed of independent members who, upon the request of the government or employers or unions, considered specific wage claims and made *ex post facto* reviews of wage settlements that appeared unduly inflationary. The Commission had no power to consider prices or profits. Its judgments did not have the force of law; public opinion was its sanction. The Labour Government abolished it in 1965.

What contributed to the contradictions and tensions that help to account for successive failures to develop a workable incomes policy?

(1) *Consultation.* The pay pause and and the N.I.C. contravened the consensual approach to economic policy making established by *l'économie concertée*, by not securing the voluntary cooperation of trade unions that sustains a national incomes policy. Incomes policy drew labors' scorn because it had been introduced without consultation.[24] Both Samuel Brittan and Jacques Leruez maintain that labor unions should not have been involved in fiscal and monetary decision making, but that they could have been brought in later, when decisions on wages were discussed.[25] The formulation and implementation of incomes policy had little chance for success without the active participation of the unions.

(2) *Economic freedom.* The labor unions' hostility was heightened by the fact that the National Incomes Commission interfered with free collective bargaining. Government, heretofore neutral, was intruding into a sacrosanct domain: workplace autonomy. The T.U.C. and the larger unions answered by boycotting the N.I.C. Employers, wanting to avoid strikes, responded by quietly ignoring the government's adjurations for wage restraint. As a result, those with economic power

[24] In the words of Kevin Hawkins, "the TUC wanted full participation in the making of government policy affecting the economy as a whole and nothing less. Without such participation an incomes policy could not succeed" (fn. 22), 45.

[25] Samuel Brittan, *Steering the Economy* (London: Harmondsworth 1971), 164; Leruez (fn. 23), 114.

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violated the annual norm for wage and salary increases with impunity; those in a weak bargaining position, especially those in the National Health Service, had to accept the ukase of the government.

(3) *Equity*. Incomes policy is workable only if it conveys a sense of "fairness" and "equity." The 1962–64 incomes policies were not equitable and contributed to sectional victimization: the groups that suffered the most were white-collar workers and those employed in the National Health Service. Labor unions refused to endorse the stabilization policy because it was discriminatory: some wages were restrained; prices, profits, and dividends were not. The unions were not about to consent to or acquiesce in the existing distribution of wealth and income until prices were brought under close and expert scrutiny.[26] Organized labor, in effect, was demanding "equality of sacrifice." The implication of the principle was clear: restraint was rational so long as the cooperation of all could be assured.

(4) *General elections*. For the politician, time is measured by the next election. He makes his choices by trading off his present preferences against his concern for their future effects. Faced with an impending general election, the Conservative Government allowed its incomes policy to expire. In the words of Jacques Leruez, "it was impossible for any government to operate a consistent incomes policy during the run-up to a general election—unless it wished to commit political suicide."[27] A governing party wishing to remain in power clearly had to emphasize short-term political considerations rather than a long-term commitment to wage and price stability. The inexorable result was inconsistency of commitment to incomes policy. Incomes policy became a cyclical phenomenon of economic management (1961, 1962, 1965, 1972, 1973, 1974), used primarily to meet recurring emergencies—especially difficulties in the balance of payments and monetary crises.

The failure of the government's initial attempts to administer incomes policy establishes some fundamental premises. First, incomes policy, unlike monetary and fiscal policy, cannot be unilaterally determined or executed. Second, a workable incomes policy is founded on a general agreement that government, organized labor, and management will cooperate, either tacitly or overtly, in its implementation. If there is no concordat, "no degree of 'clout,' or government compulsion,

[26] *Ibid.*, 115; Shonfield (fn. 22), 217-19.

[27] Leruez (fn. 23), 118, 201. See also Aubrey Jones, *The New Inflation: The Politics of Prices and Incomes* (London: Andre Deutsch 1973), 120-24, 185-86. The major setback suffered by the Conservative Party in the 1962 by-election was attributed to the pay pause. See Macmillan (fn. 6), 58-63.

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will make the program successful, or guarantee it more than a very brief life."[28] Third, it follows that prices along with wages must receive critical examination.

THE LABOUR GOVERNMENT'S INCOMES POLICY EXPERIMENT, 1965–1969

Sluggish productivity growth and high unit labor costs periodically combined to produce stresses on British trade balances. Reductions in industrial costs were therefore regarded as essential to improve the competitiveness of the economy. In pursuit of this objective, the government's policy options were limited. It was reluctant to devalue the pound, partly out of consideration for national prestige and partly because of the effects devaluation would have on the cost of living. Ruling out deflationary measures, the government, in joint consultation with unions and employer organizations, settled on incomes policy. To achieve the economic objectives of rapid economic growth with full employment, it tied wage and salary increments to measurable improvements in productivity. The T.U.C. and the F.B.I. grudgingly signed the Declaration of Intent on Productivity, Prices, and Incomes. The General Council of the T.U.C., at the urging of the General Secretary, George Woodcock, assented to the incomes policy in the belief (mistaken as events revealed later) that in exchange for wage restraint it would secure a voice in managing the economy and shaping economic and social policy. Participation in economic decision making was of paramount concern to further the trade unions' goals: maintenance of full employment and the expansion of the welfare state.[29] The assurance that real incomes would grow with productivity also helped to secure the cooperation of the trade unions. The Transport and General Workers Union (T.G.W.U.), aroused by Jack Jones's opposition to wage restraint, opposed incomes policy because it interfered with free collective bargaining.

The long-term goal of Labour's incomes policy provided for the reform of bargaining habits and an overhaul of the collective bargaining system that gave impetus to inflation at the level of the workplace. Realization of the long-term goal depended on the willingness of organized labor to make voluntary changes in behavior and attitudes. It was also contingent on management's willingness to reform inefficient

[28] Daniel Quinn Mills, *Government, Labor, and Inflation: Wage Stabilization in the United States* (Chicago: University of Chicago Press 1975), 264. See also Hawkins (fn. 24), 153.

[29] Leo Panitch, *Social Democracy and Industrial Militancy: The Labour Party, the Trade Unions and Incomes Policy, 1945–1974* (Cambridge: Cambridge University Press 1976), 67-68.

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work practices and defective payments systems that impeded the growth of productivity.

To achieve these goals, an independent National Board for Prices and Incomes (P.I.B.) was created in 1965. The Board had to determine whether prices, wages, and salaries referred to it by the Secretary of State were in accordance with the "guiding light" norm for increases in compensation. Its powers were those of investigation and recommendation, not implementation. Only the government could enforce implementation. The incomes policy was thus vulnerable to political decisions. The Labour Government could assume a firm stance or stretch the criteria of prices and incomes policy according to contingent conditions and interests. The cause of the incomes policy's greatest stress and difficulty was therefore not so much the P.I.B. machinery as the vacillating commitment at the cabinet level to a consistent strategy on incomes policy.[30]

The Labour Government's incomes policy was impeded chiefly by the incompatibility of the various goals examined below.

Long-term versus short-term goals. In urging structural reform of collective bargaining, the Labour Government, like its predecessor, was misled by illusions of the T.U.C.'s power. By assuming that the T.U.C.'s officials were authoritative spokesmen for the trade unions, it had overestimated their influence. Kevin Hawkins observes: "Successive government ministers, largely ignorant of the realities of power within the trade union movement, assumed that the permanent officials of the TUC, together with members of the general council, could not only make policy but could also ensure that policy was observed by all affiliated members."[31] In reality, the capability of the T.U.C.'s leadership to deliver the consent of the groups they represented was circumscribed. Their authority was limited. The reason was that power within the trade union movement had shifted: it had, with the growth of workplace bargaining, devolved upon stewards on the shop floor.[32] Under these highly decentralized conditions, the T.U.C. could exercise little discipline over its members. The difficulties the government had in controlling the overall performance of the economy were thereby accentuated. In particular, the decentralized system of

[30] See John Corina, "Planning and the British Labour Market: Incomes and Manpower Policy, 1965–70," in Jack Hayward and Michael Watson, eds., *Planning, Politics and Public Policy* (London: Cambridge University Press 1975), 180, 185; Jones (fn. 27), 135, 162-72; Allan Fels, *The British Prices and Incomes Board* (London: Cambridge University Press 1972), chap. 4.

[31] Hawkins (fn. 24), 32; see also Clegg (fn. 17), 403-6.

[32] See Hawkins (fn. 24), 40-49, 63-64, 83-86; Cairncross (fn. 11), 17, 21; Flanders (fn. 22), 53-54; Clegg (fn. 17), 292-96, 491-92.

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wage-price determination impeded incomes policy. Where workplace bargaining predominated, it was difficult to control earnings.

Changing ingrained bargaining habits, modifying inherited attitudes, and reforming inertia-bound institutions in a fragmented industrial relations system was a gradual, long-term process. The T.U.C. authorities, fearful of losing the membership's support if they proceeded too rapidly, moved slowly and cautiously.[33] Caution was also demanded because of the immense strains and problems involved in persuading the rank and file to accept the reforms.

Time proved to be an enemy, not an ally, of reform. The Labour Government, struggling desperately to ward off having to devaluate the pound, was impatient for quicker results. It adopted the short-run expedient of restrictive economic policies. A wage-price freeze was imposed from July to December 1966. It was followed by a period of "severe restraint" from January to July 1967, during which pay increases were confined to contributions to higher productivity and to the lowest-paid workers. Prices were treated more leniently. In addition, the government received statutory powers to delay for a specified period price and pay increases not in accordance with the national interest. Delaying powers were later extended to the end of 1969. Despite protests from the opponents of incomes policy, the T.U.C. complied with the government's stabilization program.

With the adoption of a deflationary program to deal with balance-of-payments pressures, the government abandoned the goals that had attracted the support of the trade unions for incomes policy. First, measures to reduce domestic demand in the interest of trade balances were considered detrimental to economic growth. Second, with the government's acceptance of a 2 percent level of unemployment, the goal of full employment was abandoned. Unemployment rose from 1.1 percent in July 1966 to 2.6 percent in February 1967. Third, tripartite economic decision making was laid bare when the freeze was announced *ex cathedra*. Fourth, with the freeze, voluntarism was abruptly brought to an end. Fifth, the reluctance of the government to deal firmly with prices and profits eroded the workers' real incomes. Between July 1966 and June 1967, retail prices rose 2.5 percent; earnings increased only 1.7 percent.

In July 1967, another balance-of-payments crisis compelled the Labour Government to adopt more stringent deflationary measures. Emancipation from stop-go proved elusive. The short-term imperative,

[33] Derek Robinson, "Implementing an Incomes Policy," *Industrial Relations*, VIII (October 1968), 85.

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restraining aggregate demand so as to increase exports, militated against organized labor's continued acceptance of long-term goals. Trade union support deteriorated under the combined impact of sharp increases in unemployment and rising prices. Disenchantment with incomes policy was deepened by the effects that unemployment and wage restraint were having on the trade unions' organizational strength: membership fell by 0.7 percent in 1966 and another 1.4 percent in 1967. The unions' concern for safeguarding their power base and improving their members' living standards came into conflict with the government's short-term anti-inflation objectives.

Restraints versus rising living standards. The government's efforts to avert devaluation were frustrated by events. The economic consequences of the Middle East War of June 1967, the dock strikes, and speculative pressures on the pound sterling combined to precipitate devaluation in November 1967.[34] Political leaders had become the instruments, not the masters, of events.

Devaluation was antithetical to the continuation of the stabilization ethic—the spirit of restraint and moderation. Stringent tax measures, introduced in 1968 to dampen domestic consumption in order to accommodate the reallocation of resources to exports, gave a strong upward push to prices. The net effect of devaluation and restrictive fiscal policy —diminished real income and reduced personal consumption—precipitated an upsurge in pay claims and settlements to protect living standards. Trade union leaders had repeatedly emphasized their resolve to protect and increase real wages. In a milieu where prices, profits, and unemployment were rising, organized labor was determined to resist the erosion of its relative position in the distribution of wealth and income. Voluntary compliance crumbled; wage militancy was the result of declining living standards, rising prices, and restrictive fiscal policy.[35] Holders of economic power, chafing under the social inequities of Labour's restrictive economic measures,[36] reacted to the discriminatory

[34] For details, see Harold Wilson, *The Labour Government, 1964–1970* (London: Weidenfeld and Nicolson 1971), esp. chaps. 21 and 23. See also Richard Crossman, *The Diaries of a Cabinet Minister,* II (London: Hamish Hamilton and Jonathan Cape 1976), 576-80.

[35] Colin Crouch argues that the unions' increasing militancy was a "defensive response" to the state's intrusion into free collective bargaining. See "The Drive for Equality: Experiences of Incomes Policy in Britain," in Leon Lindberg and others, *Stress and Contradiction in Modern Capitalism* (Lexington, Mass.: Lexington Books 1975), 227. Conversely, Leo Panitch maintains that the government's failure to control prices was a precipitating factor in wage militancy (fn. 29), 214.

[36] The Labour Government adopted a "tough incomes policy" because it was dependent on the financial support of international bankers. In exchange for their financial support, the bankers insisted on a strong prices and incomes policy. See Crossman (fn. 34), 720, 746.

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effects by applying coercion. The consequences were unfortunate for the 3.5 percent ceiling on wages and prices established by the Prices and Incomes Act of 1968. From April to December 1968, earnings increased 7.6 percent and retail prices 5.5 percent; in 1969, earnings climbed 8.3 percent and retail prices 5.1 percent; and between January and June 1970, earnings jumped 13.6 percent while retail prices went up 8.8 percent. Those with economic power (e.g., rail unions, dockers, engineering workers, miners) were appeased; but the demands of those with insufficient bargaining power, especially public employees, went unheeded. By yielding to the powerful, the Labour Government short-circuited its disinflationary policy and undermined the credibility of its commitment to incomes policy.

As the 1970 general election approached, the P.I.B. became increasingly functionless. The competitive vote-bidding ambience did nothing to restrain prices and incomes. With the victory of the Conservative Party, the P.I.B. was abolished in March 1971.

The national interest versus sectional interests. It is clear that what the Labour Government had defined as the national interest—creating a more competitive and efficient economy by statutory controls on incomes—was incompatible with the particularistic interests of the trade unions. Incomes policy was antithetical to the labor movement's raison d'être. Statutory restrictions challenged traditional freedoms in bargaining, compromised vital trade union goals and interests, conflicted with organized labor's freedom to advance sectional interests, threatened the trade unions' organizational strength, and undermined the union leaders' flexibility of response to members' demands. The inherent contradiction between the need of the Labour Government for public goods and the organizational imperatives of trade unions laid bare the idea of social harmony. Economic militancy, the industrial strategy which the workers believed could best improve their well-being, was inimical to the achievement of the government's economic goals.

CONFRONTATION POLITICS, 1970–1974

By 1970 it was apparent that neither the Conservative nor the Labour Government had been committed wholeheartedly to an *économie concertée*. The supports undergirding concertation—consultation, participation, consent, and cooperation—had been corroded by the changing circumstances and contingencies. In an attempt to curb the unions' power, the Conservative Government tried, with disappointing results, to administer policy by fiat. In a pantomime of power, the Government

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resorted to the Hobbesian conception of law as *diktat*—"law which commands by right of its origin, not by right of its substance."[37]

The Industrial Relations Act of 1971. Aware that price stability and free collective bargaining were incompatible, eager to reduce unofficial strikes, and determined to control and reform industrial relations, the Conservative Government, encouraged by public opinion polls, adopted an aggressive stance and an abrasive attitude toward organized labor. It placed the primary responsibility for the disarray of industrial relations on the labor unions and called for legal sanctions and incentives to alter the unions' behavior. Against this backdrop, the Industrial Relations Act was enacted in March 1971. Statutory regulation, supported by penal sanctions for "unfair industrial practices," superseded the voluntarist tradition of industrial relations. Legal intervention was, of course, anathema to the labor movement: it was an invasion of trade union autonomy and a breach of "collective *laissez-faire*."

The Act provided, first, that unions, through the process of registration and legally binding collective agreements, were to be held responsible for, and to exercise discipline over, the actions of their members. However, since a decentralized workplace bargaining system would frustrate efforts to create a pyramidal authority structure, the law was in effect at variance with established institutions and practices. Second, the bargaining power of the stronger unions was to be curbed. Here, the framers of the Act underestimated the anti-interventionist sentiment of the trade unions. Third, restrictions were placed on free collective bargaining: a sixty-day cooling-off period and a strike ballot could be ordered in an emergency situation to prevent work stoppages. The aim of the emergency procedures was to promote settlement by conciliation; in practice, the emergency procedures made the unions more intransigent. With the passage of the Act, Britain dissolved into enmities.[38] In the political and social upheaval that followed, a disquieting question surfaced: Who governs?

Armed with the facade of law and supported by public opinion, the government rushed to do battle with the unions. The T.U.C. and the T.G.W.U. refused to comply with the Act. Employers were unenthusiastic over the intrusion of the law into industrial relations, fearful of

[37] De Jouvenel (fn. 15), 237.

[38] The details of the Act and its consequences are provided by S. R. Engleman and A.W.J. Thomson, "Experience Under the British Industrial Relations Act," *Industrial Relations*, XIII (May 1974), 130-55; Hawkins (fn. 24), chap. 3; William B. Gould, "Taft-Hartley Comes to Great Britain: Observations on the Industrial Relations Act of 1971," *Yale Law Journal*, Vol. 81 (July 1972), 1421-86; Brian Weekes and others, *Industrial Relations and the Limits of the Law* (Oxford: Basil Blackwell 1975).

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losing control to outsiders, and mindful of the disruptive effects the Act would have on industrial relations; they were reluctant to invoke the law. The Act was thus of little utility to the estates of the realm.

Trade union resistance hardened as a consequence of the victory of the railway unions over the government and the success of the dock workers. In the contest between the forces of law and the solid phalanx of labor, it was the rule of law which suffered. By its show of strength, the unified trade union movement demonstrated that it could defy and destroy a major Act of Parliament. Because the enforcement of legal rights and sanctions was alien to the thought and action of British industrial relations, the Act aroused an immense amount of strife and bitterness. It was totally at variance with economic freedom and it was incongruent with existing power relationships. If the Act had been operable, it would have done violence to British liberal democracy, constricting freedoms and limiting rights.[39] The political leaders' adherence to and acceptance of traditional liberal democratic procedures checked and inhibited the coercive power of the state.

It was quixotic as well as politically damaging for the government to attempt to alter normative standards of behavior by means of legal compulsion. The unenforceability of the Industrial Relations Act revealed that law cannot command where there is mass disobedience.

In its defiance of the Act, organized labor threw a harsh light on the diminished power and prestige of Parliament. And political leaders learned, to the nation's misfortune, that what counts in policy implementation is the cooperation and support of strategically located corporatist interests, not the support of an amorphous and evanescent public opinion.

Return to incomes policy, 1972–1974. The Heath Government, faced with resurgent inflation, made a 180-degree turn on economic policy. In the summer of 1972, contrary to its initial opposition, it introduced an incomes policy. A "conflictual society," however, was still not congenial to incomes policy. Seeking to calm tensions, the government adopted a conciliatory stance: it avoided the use of the more controversial provisions of the Industrial Relations Act. In addition, after a two-year hiatus, the government encouraged the management of the economy on a tripartite basis. The return to corporatist practices was aimed at enlisting the cooperation of labor and management for a voluntary incomes policy. However, the tripartite discussions on incomes policy collapsed when organized labor did not agree to a moratorium in the

[39] Leo Panitch, "The Development of Corporatism in Liberal Democracies," *Comparative Political Studies*, x (April 1977), 86.

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struggle for relative economic position as long as the Industrial Relations Act was in force; nor would it agree to a flat £2-per-week wage increase which discriminated against higher-paid workers. The T.U.C., suspicious of the government's commitment to incomes policy, insisted on statutory price restraints as a *quid pro quo* for voluntary wage restraint; the Confederation of British Industry refused to consider statutory restraints without any return from organized labor.

With the breakdown of the Downing Street talks, the Heath Government, as a temporary emergency measure, froze prices, incomes, rents, and dividends for five months. The first stage of the statutory prices and incomes policy was followed in April 1973 by Phase II: statutory pay and price controls, modeled after the Nixon Administration's counterinflationary New Economic Policy.[40] A Price Commission and a Pay Board were created to monitor and administer the norm on prices and wages. Phase III became operative in October 1973: proposals for wage increases were handled with more flexibility; there was only a small relaxation in price controls.

Elements with which the government had not reckoned weakened the counterinflation program. Rising profits and tightening labor markets, the result of heightened industrial activity, did not provide a favorable climate for adherence to the statutory pay norms. Wage increases exceeded the 8 percent norm of Phase II: in November 1973, average earnings were 17.4 percent higher than they had been a year earlier. (Retail prices were 10.3 percent above the previous year's level.) The difficulties of containing inflation were compounded by the explosion of world commodity prices and aggravated by exaggerated accretions in the money supply, evoking complaints from the C.B.I. on price controls. Spiralling Middle East oil prices made the British increasingly dependent on indigenous sources of energy, especially coal. The energy crisis thus strengthened the bargaining power of the miners who were demanding wage increments far in excess of the Stage III norm. When the government balked, the National Union of Mineworkers responded by authorizing a ban on overtime in mid-November 1973, followed by a strike in February 1974. The effects were immediate: industrial production fell, and the balance-of-trade deficit threatened to increase. Stage III was crippled; the government, wanting a clear mandate from the electorate, called a general election. The issue was drawn: the Heath Government was asking the electorate to decide

[40] The details are provided by Barbara Wootton, *Incomes Policy: An Inquest and a Proposal* (London: Davis-Poynter 1974), chap. 3; Leruez (fn. 23), chap. 17; Hawkins (fn. 24), 146-54.

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who governs—the miners or the government. Dependency relationships, however, precluded a clear-cut answer.

In the confrontation between political authority and industrial power, it was economic power that emerged victorious: the miners won a large wage increase, and the Conservative Government, which had failed to come to terms with rule by "concurrent majority," was defeated by the Labour Party.

IV. Conclusion

Organized labor came into its own during the twilight years of economic liberalism. Understandably, it assimilated the requisite values of *homo oeconomicus*—maximization of personal advantage and economic freedom. The problem was that liberal market capitalism was geared to a prosperous and expanding economy, promising or providing shares of affluence to everyone. The individualist ethos generates acute tensions and frustrations in an economy that is not growing rapidly: the fruits of a finite environment are available only to a privileged minority.[41] This exacerbates and intensifies the distribution struggle between the advantaged and disadvantaged groups whose claims of entitlement are in excess of what is available. The distributional struggle erodes the fragile foundations underpinning social harmony, and thereby reduces the chances of securing a concordat on prices and incomes policy.

Moreover, the legacy of the liberal market society exerts a malignant influence on economic management. By extolling the virtues of the competitive pursuit of self-interest, liberal capitalism exercises a corrosive effect on voluntary cooperation and social restraint, both of which are imperative for sustaining managed capitalism. In a complex and interdependent society, a purely individualistic calculus, motivated by immediate and identifiable results, exacerbates the difficulties and impedes the opportunities for securing the necessary public goods. It is inimical to promoting social behavior congenial to the general welfare. Groups that exploit their positions of power and advantage to attain private economic goals regardless of the implications for the economy as a whole produce socially divisive results and a pose a threat to economic and political stability. The real issue is whether economic liberalism is compatible with managed capitalism.

What, then, are the remedies, if any, for the chronic economic ills

[41] This theme is pursued with eloquence and cogency by Fred Hirsch, *Social Limits to Growth* (Cambridge: Harvard University Press 1976).

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that afflict Britain? The range of options is limited because the margin of autonomy open to government is narrow. Unable to restrain the pursuit of individual gain in certain spheres either through persuasion or coercion, government is left with unpleasant choices: unemployment and/or inflation. Collectivist forces, animated by self-interest, cannot be expected to restrain their inflationary claims. Restraint is rational for each rival sectional interest so long as the cooperation of all can be assured. That cooperation rests on reciprocal expectations of performance by others. But in the absence of internalized norms of social obligation or alternative coercive or self-enforcing arrangements to induce cooperative lines of action, not many will cooperate in securing public goods. For, despite the ultimate collective benefits that disparate socioeconomic interests might derive from voluntarily restraining their competitive claims on the national product, they have no common interest in the cost-sharing for a public good. Public goods have to be available to all; but many people, in the hope of a "free ride," refrain from paying for them, preferring that others pay the entire cost.[42] The "free rider" problem creates its own dynamic.

One solution that remains is to induce social restraint through neoliberal monetary and fiscal measures which do not require cooperation. The corollary of this is usually "stop-go." But stop-go is likely to make the distributional rivalry more intense, its consequences more malign. In the free-for-all for relative position, egalitarian goals will be consigned to the dustbin of discarded ideals. It is the powerful, not the weak, that will prevail in the distributional struggle. The social harmony essential for managed capitalism will be demolished.

The problem confronting liberal managed capitalism is that the simultaneous convergence of acquisitive drives, escalating entitlement claims, and an individualist ethos that exalts economic freedom and evades social responsibility makes the implementation of incomes policy virtually impossible. Economic liberalism is, in short, uncongenial to incomes policy. If the restraints once exercised by the marketplace and countervailing power have been weakened, what mechanisms of social control can be developed to temper the excesses of competitive pluralism? The question at the heart of British economic liberalism is: In the absence of a powerful public authority, what can moderate Hobbesian impulses?

Compelled to operate within the constraints inherent in individualistic and market-oriented philosophies, the resourceful statesman must

[42] Mancur Olson, Jr., *The Logic of Collective Action* (Cambridge: Harvard University Press 1965), 21.

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make the most of the existing materials at hand, good or ill. In this situation, it means harnessing the self-interested motive to secure the necessary public goods. The principle of self-interest can be connected to collectively directed action through the use of systems of disincentives (e.g., taxes[43]) and incentives (e.g., subsidies, threshold agreements,[44] tax allowances, improvements in social welfare, and participation in decision making). No change in human nature is required, merely a shift in behavior. Motivational change may be effected through reciprocal exchange. Government must engage its resources in encouraging desired behavioral results. The use of disincentives and incentives emphasizes that voluntarism will not emerge naturally or spontaneously from a transaction involving public goods. The use of disincentives and incentives to secure public goods illustrates the trenchancy of Bernard Mandeville's aphorism:

> . . . it is the work of ages to find out the true use of passions, and to raise a politician that can make every frailty of the members add strength to the whole body, and by dextrous management turn private Vices into public Benefits.[45]

An essential factor in the transmutation of self-regarding actions into other-regarding actions lies, therefore, in a government's capacity to co-opt, or put under obligation, the holders of economic power. In this way, the government can gain the necessary minimum of power and guidance over liberal managed capitalism whose functional units are motivated by the maximization of private interests.

[43] See Henry C. Wallich and Sidney Weintraub, "A Tax-Based Incomes Policy," *Journal of Economic Issues*, v (June 1971), 1-19. The authors propose a surcharge levy on corporate profits taxes if corporations grant wage increases in excess of the "guiding light" wage norm. Their aim is to stiffen the resolve of employers to resist excessive wage demands. The resultant lower wage increases would contribute to a reduced rate of inflation.

[44] See Frank Blackaby, "Incomes Policies and Inflation," *National Institute Economic Review*, v (November 1971), 49.

[45] Mandeville, *The Fable of the Bees: or Private Vices, Publick Benefits* (New York: Capricorn Books 1962), 263.

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Review Articles

RELIGION, POLITICAL CULTURE, AND THE WEBERIAN TRADITION

By DAVID D. LAITIN*

Donald Eugene Smith, *Religion and Political Development*. Boston: Little, Brown, 1970, 298 pp., $3.95 paper.
Maxime Rodinson, *Islam and Capitalism*. Translated by Brian Pearce. New York: Pantheon, 1974, 309 pp., $10.00.
John N. Paden, *Religion and Political Culture in Kano*. Berkeley: University of California Press, 1973, 461 pp., $16.50.
Clifford Geertz, *Islam Observed*. Chicago: University of Chicago Press, 1968, 136 pp., $1.95 paper.

IN the 1950's, political scientists introduced the term "political culture" into their lexicon in order to rescue the notion of national character from the outrageous ethnocentrism of Montesquieu ("As [Christianity] forbids the plurality of wives, its princes . . . have more humanity . . . and [this] has hindered despotic power from being established in Ethiopia"), the brilliant but loosely supported insights of de Tocqueville, and the rigid and reactionary pronouncements of Hegel ("The entire nature of the [Negro] race is such as to preclude the existence of any . . . political constitution"). Gabriel Almond, Sidney Verba, and Lucian Pye initiated studies with a focus on political culture, based on the premise that deeply embedded beliefs, which are different across cultures (but presumably similar across social classes within one culture), lead to certain probabilistic political attitudes and actions. Arguments about national character could therefore be built on a more scientific foundation.[1]

Although the numerous studies which followed these initial theoretical statements have made important contributions to our under-

* The author would like to thank Shela Lesniak for research assistance. Ernst Haas, Aristide Zolberg, Peter Cowhey, Samuel Popkin, Sanford Lakoff, and Daniel Levine read earlier drafts of this essay and made valuable comments.

[1] The quotation from Montesquieu is from *The Spirit of the Laws*, Bk. XXIV, sec. 3. For de Tocqueville, see *Democracy in America*, I, chap. 2. The quotation from Hegel is from *The Philosophy of History* (New York: Dover 1956), 96. For the modern tradition, see Almond, "Comparative Political Systems," *Journal of Politics*, XVIII (August 1956); Almond and Verba, *The Civic Culture* (Princeton: Princeton University Press 1963); and Pye and Verba, *Political Culture and Political Development* (Princeton: Princeton University Press 1965). See also Harry Eckstein, *Division and Cohesion in Democracy* (Princeton: Princeton University Press 1966).

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standing of social and political processes, social scientists do not as yet have conceptual tools that are adequate to fulfill the hopes and promises of the early theorists of political culture.[2] One step toward the fulfillment of that promise can be taken by development of a more rigorous framework in which to analyze the interrelationships of culture and politics. A re-examination of Max Weber's approach to culture, exemplified especially in his study of the Protestant ethic, will provide the necessary framework.[3] The purpose of this essay is to recreate the Weberian framework in order to differentiate three levels of analysis—the doctrine of the charismatic founder, the practical religion, and the practical religion of the converted—from which religion may be examined. Once the levels of analysis have been set out, it will be possible to review four recent studies that examine the relationship of religion and society, and to suggest a more fruitful way to study the impact of religion, as a cultural institution, on politics.

I

In his *Sociology of Religion*,[4] Weber conceded that all sorts of religious doctrines abound in all times, but he contended that certain

[2] Arguments that use norms and values as independent variables to explain the possibility of stable democracy are central in the subdiscipline of political culture. I am in fundamental agreement with the three major critiques of this approach. See Brian Barry, *Sociologists, Economists and Democracy* (London: Macmillan 1970); Carole Pateman, "Political Culture, Political Structure and Political Change," *British Journal of Political Science*, 1 (July 1971); and Ronald Rogowski, *Rational Legitimacy* (Princeton: Princeton University Press 1974). These critics emphasize the circular nature of the arguments provided by Parsons, Almond, Verba, and Eckstein, based on the assertion that in their research designs, there is no sure way of discerning whether political norms influence and direct political structures or vice versa. I have proposed to reformulate cultural explanations of politics in an attempt to overcome the points made by the critics; see Laitin, *Politics, Language, and Thought: The Somali Experience* (Chicago: University of Chicago Press 1977), chaps. 6-8.

[3] Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. by Talcott Parsons (New York: Scribner's Sons 1958) [hereafter cited as *PE*]. To substantiate my point that the argument requires re-examination, see Benjamin Nelson, "Weber's Protestant Ethic: Its Origins, Wanderings, and Foreseeable Futures," in Charles Y. Glock and Phillip E. Hammond, *Beyond the Classics? Essays in the Scientific Study of Religion* (New York: Harper and Row 1973). Even where scholars have properly understood Weber's argument, there is considerable debate among sociologists and economists over whether that argument is correct. See, e.g., Guy Swanson, *Religion and Regime* (Ann Arbor: University of Michigan Press 1967); Andrew Greeley, "The Protestant Ethic: Time for a Moratorium," *Sociological Analysis* XXV (Spring 1964); and S. N. Eisenstadt, *The Protestant Ethic and Modernization: A Comparative View* (New York: Basic Books 1968). The present essay is not concerned with the question of the explanatory power of Weber's central hypotheses, but rather with the implications of his methodological approach for future theorizing. On this point, see S. N. Eisenstadt, "The Implications of Weber's Sociology of Religion," in Glock and Hammond, p. 148.

[4] Max Weber, *Sociology of Religion*, trans. by Ephraim Fischoff (Boston: Beacon 1963) [hereafter cited as *SR*].

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groups, classes, or cultures will be attracted to different doctrines. Although the "mists of time" (*SR*, 13) have obscured the origins of local religions, Weber guessed that feudal political structures probably favored celestial gods, since the stars, unlike earth divinities, have an eternal regularity and authority (*SR*, 13-14); and that peasants, because they could not scientifically control the source of their livelihood, were attracted to religious doctrines imbued with magic (*SR*, 97). A charismatic prophet usually emerged who gave some systematic portrayal of the ideas attractive to the culture, but that message, in itself, received little attention from Weber. A practical or sociological religion developed through the routinization of the prophetic charisma, in which priests attempted to make the prophetic message available to the masses.

With an undoubtedly ambiguous prophetic vision as their only guide, the priests had a difficult and challenging doctrinal task. They had to cultivate some routinized behavior and provide plausible explanations for the persistence of evil in the world and opportunities for salvation which were in the spirit of the original message. Weber argued that, while priestly answers to the problems of evil or of salvation were related to sociological, economic, cultural, and political "needs" of the people, as well as to the different prophetic messages, the reformulated and routinized answers took on a sociological reality, and could themselves influence the behavior of future generations. The nature of the religious doctrine in Weber's work is complex, yet so important for an understanding of his enterprise that a fuller exposition of its epistemological nature is in order.

First, Weber adamantly insisted that the substance of the prophetic message was not of direct sociological concern. "What to a theologian is valuable in his religion" he noted (*PE*, 187), "cannot play a very large part in this study." Elsewhere, in discussing the esoteric matter in which the Gospels present Jesus' message, Weber argued that lest the religion appear to arise from an intellectual cast, "religious faith must base itself upon something other than a real understanding and affirmation of a theological system of dogma. As a matter of fact, every prophetic religion has based religious faith upon something other than real understanding of theology" (*SR*, 193-94). In reworking *The Protestant Ethic* during 1920, the last year of his life, he reiterated that the religious ethic "is often very different from the doctrine of the theologians. . . . This is, to speak frankly, the point of this whole essay, which I had not expected to find so completely overlooked" (*PE*, 197).

Weber's surprise was, however, ingenuous, for he must have realized that his own account of his explanatory variable did not ignore the substance of theological doctrine. "The principal explanation of this

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difference [between German Catholics and Protestants]," Weber argued, "must be sought in the permanent *intrinsic character* of their religious beliefs" (*PE*, 40; emphasis added). Further on, he insisted that "in the following discussion we are not primarily interested in the origin, antecedents, or history of these ascetic movements, but take their doctrines as given in a state of full development" (*PE*, 220). Students of Weber know that "doctrine" and "doctrine in full state of development" are different animals, the latter being an "ideal type"; but the differences are exceedingly subtle. In a footnote written in 1920, criticizing William James's pragmatism concerning ignored theological themes, Weber argued that there is indeed a "system of ideas" that "captures and moulds the immediate experience of religion" (*PE*, 233). Weber was by no means contradicting himself here; but once he attempted to differentiate his approach to religion—which does not rely exclusively on theological doctrine—from pure pragmatism, his emphasis bordered on theological idealism, the position which holds that the religion is defined by its theological ideas.

Finding that sociological space between idealism and pragmatism was, of course, Weber's own special "vocation," as he might have put it. Early on, he toyed with the idea of applying psychological theory to religion: "We are naturally not concerned with the question of what was theoretically and officially taught in the ethical compendia of the time. . . . We are interested rather in something entirely different: the influence of those *psychological sanctions* which, originating in religious belief and the practice of religion, gave a direction to practical conduct and held the individual to it" (*PE*, 97; emphasis added). Elsewhere he noted that "what a religion has sought after as an ideal, and what the actual result of its *influence on the lives* of its adherents has been, must be sharply distinguished" (*PE*, 192; emphasis added). This explanation surely borders on psychological reductionism. By 1920, however, he was more skeptical of this heuristic route, and having become acquainted with the Freudian movement, noted that "we are here for good reasons intentionally neglecting discussion of the psychological . . . aspect of these religious phenomena, and even its terminology has been as far as possible avoided" (*PE*, 244). The psychological effect on people's lives of a system of ideas, irrespective of the meaning of the message, is not, then, what Weber was groping for.

Obviously, Weber was more comfortable when he placed the prophetic message in a sociological context. In the *Sociology of Religion*, he wrote of the priestly "systematization" of "two types of influences, viz. the power of prophetic charisma and the enduring habits of the

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masses" (*SR*, 79). In *The Protestant Ethic*, when handling the criticism that latitudinarian Catholicism, with its aim of supporting a lay asceticism, was hardly dissimilar from Calvin's view of what constitutes the moral life, Weber suggested that the different contexts in which these beliefs were stated offered the key to understanding their differential economic impact. The Roman hierarchy scorns those holding latitudinarian ideas while the Calvinist priesthood gives honor to those who become inner-worldly ascetics (*PE*, 267; see also 233-34). The priestly doctrine, emanating both from the prophetic message and the psychological needs of followers (but shaped by the sociological context of the time) is, then, the meaning of the "doctrine in its full state of development." Protestantism, in this sense, supports the spirit of capitalism. A discussion of the mode of this support must await an exposition of the spirit of capitalism.

Although Weber often used "capitalism" interchangeably with "economic rationalization," his notion of "the spirit of capitalism" included not only rationalization but the idea of the "calling" and a morality of limits as well. It is the spirit of capitalism, and not capitalism itself, which Weber wished to explain in *The Protestant Ethic*. By "economic rationalization," Weber meant the development of both systematic behavior and functional specificity. As for the former, there must be routine bookkeeping; as for the latter, there must be a clear separation of business from household, and a clear distinction between the work of employer and employed. For Weber, the institutionalization of economic activity, in contradistinction to the irregular and desultory character of feudal economic activities, was the essence of modern capitalism (*PE*, 18-22).

The idea of a "calling" goes beyond rationalization. Weber was struck by the quasi-religious connotation of the German word *Beruf* as well as of the English "calling," which he saw as the idea of life task (*PE*, 79) or work performed "as if it were an absolute end in itself" (*PE*, 62). He was careful to distinguish the medieval craftsman motivated by the joy of creation from the capitalist worker whose work, from the standpoint of the individual, has a "joyless lack of meaning." But the idea of the "calling" allows the worker to achieve a sense of ultimate meaning. The engagement of each worker in his particular life task creates worldly order, a manifestation of God's will (*PE*, 282). The spirit of capitalism, then, gives psychic consolation to those who are, in the Marxist view, exploited.

The third component of the spirit of capitalism is the idea of a morality of limits. Concerning this issue Weber is often misunderstood. The

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capitalist spirit is not utilitarian or acquisitive for endless goods. "In fact . . . the earning of more and more money . . . is . . . an end in itself [and] . . . from the point of view of the happiness of, or utility to, the single individual, it appears entirely transcendental and absolutely irrational" (*PE*, 53). It was not until the 18th century that utilitarian thinking became intertwined with the capitalist spirit; but Weber argued that while utilitarianism helped perpetuate the capitalist spirit, it had little to do with its source (*PE*, 176). This argument points to one of the great ironies in Weber's work: that fundamentally nonrational behavior (from an economic point of view) can explain the rationalization of an economy. In separating the capitalist spirit from utilitarianism, Weber took pains to show that the spirit of capitalism does not involve the pursuit of money for casual pleasures (*PE*, 162, 267, 170). The capitalist spirit requires a "compulsion to save"; the fruits of that compulsion provide the necessary capital for business expansion beyond the economic needs of the investor (*PE*, 172). Not only frugality, but also honesty is a moral feature of the capitalist spirit. It is here that Weber differentiated pariah capitalism from modern capitalism: a pariah group has no moral compunctions against treating religious enemies dishonestly (*PE*, 51, 166).

The Protestant ethic supports[5] these characteristics of the spirit of capitalism—rationalization, calling, and the morality of limits. Economic rationalization is supported through four specific doctrines. The first is the Calvinist doctrine that the world exists only to serve the glorification of God, and that God's world is orderly; any Christian who works to make the universe more orderly is doing service to God and therefore glorifying Him (*PE*, 108). Second, because of the absence of the confessional in the Calvinist faith, each man stands alone before God, and is in "spiritual isolation." According to Weber, the resulting rugged individualism supports the idea of the individual as the essential unit of economic behavior. Status goes to those individuals who not only live orderly and lonely religious lives, but who live congruent economic lives.

Calvinist doctrine further considers as anathema most cultural and sensuous pleasures; and this too supports economic rationalization. Not only do these endeavors take time away from rational, orderly pursuits;

[5] The vagueness of "supports" is intentional, reflecting Weber's lack of precision in stating the nature of the linkage. An important inroad to our understanding of the specific relationship, in political terms, of the Puritan message and actual behavior has been made by Paul Seaver, *The Puritan Lectureships: The Politics of Religious Dissent 1560–1662* (Stanford, Calif.: Stanford University Press 1970). The politics of determining the message of the sermons engaged the Puritans and Anglicans in a pitched battle for a century after the accession of Elizabeth.

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but art, in favoring originality, challenges the capitalist thrust toward standardization of production. Uniformity of life as well as of product is a characteristic of economic rationalization (*PE*, 105, 169). Finally, Weber argued that because of the religious downgrading of both magic and other-worldly asceticism, the true believer has no outlet for his creative energies other than the real world of economic gain.

Each of these doctrines supporting economic rationalism is found, to a large extent, in the interstices of Calvinist theology. The idea of spiritual isolation is part of a major critique of the Catholic theory of grace; and the doctrine of orderliness is part of a larger theory of predestination. A theologian would not have presented these doctrines as Weber did, but rather as subsets of larger issues. Weber was here putting into practice his call for a sociological, as distinct from a theological, approach to the study of religious doctrine.

The idea of the "calling," the second component of the capitalist spirit, is given religious sanction by the Calvinist doctrine of the elect. Although Calvinist doctrine holds out the prospect of salvation for those who have engaged in a life of systematic good work, it gives no assurance. The anxiety each Calvinist feels concerning salvation, coupled with the recognition that wordly failure is a sure indicator of ultimate damnation, provides the motivation for a life of good works. It is only through a calling which is good in itself (in that it brings order to the universe), and which is systematically pursued with little or no diversion, that an individual can hope that he has been marked for salvation. Economic success brings social status in the Calvinist community, thereby giving psychic rewards for routinized work.

Anxiety over salvation also supports Calvinist morality, the third component of the spirit of capitalism. The priests refuse to forgive even occasional transgressions of the law, and therefore Calvinists cannot waver in their moral life. Not only does this stance by the Church enable fellow Protestants to trust each other in their economic dealings, and thus allow creation of a liquid capital market,[6] but it induces ever greater savings by promoting fear that money earned would be spent on proscribed activities. The key to this argument is the notion that the doctrine of endless monetary accumulation was a result of an inner-worldly asceticism rather than utilitarianism. That Calvinism is a form

[6] Weber was quite explicit on the issue of membership in a sect and how it enables one to engage in business and raise capital over a far larger market than personal ties would allow; see "The Protestant Sects and the Spirit of Capitalism," in H. H. Gerth and C. Wright Mills, eds., *From Max Weber* (New York: Oxford 1946), esp. 303-05. He also discussed the implications of these ties for the rationalization of large-scale markets.

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of inner-worldly asceticism means that secular activity is constrained by religious sanctions.

Although Weber waffled on a number of these points,[7] and although these hedges make it difficult to know what might be counted as disconfirmatory evidence, Weber's great contribution involved delineation of the idea of a practical religion, and the marshaling of arguments to adduce its economic functions. He wove the theological, the psychological, and the sociological components of the doctrine together into what Durkheim called a "social fact"; he further interwove his skein with the existence and development of other social facts. His work should enable us to characterize the nature of religion in a more precise way, so that we can better understand and analyze the social, political, and economic thrust of different religions, and establish benchmarks for social stability and change.

II

No consensus exists as to what religion *is*. Not only theologians, but anthropologists and sociologists have long been debating the nature of its defining characteristics.[8] More than a semantic problem is involved, as is clearly shown by Weber's intense concern for a proper sociological definition. His groundwork, however, makes it possible to develop a model of religious influence on social, economic, and political life, which in turn can provide more rigorous categories for evaluating research already done and suggesting paths for future research in political culture.

The usual theological approach toward religion focuses attention on the doctrine, in its purest and most consistent forms, of the charismatic founder of the religion. For Judaism, the Pentateuch of the lawgiver, Moses, is the source for understanding the essence of the religion. For Christianity, it is the teachings of Jesus. Even when, as in Buddhism,

[7] See *The Protestant Ethic*, p. 234, where Weber argued that the Catholic doctrine of salvation involves an accounting with careful balances. Shouldn't this support economic rationalism? Or see pp. 162 and 265 for a lame distinction between Calvinist calling and Hindu caste.

[8] See Michael Banton, ed., *Anthropological Approaches to the Study of Religion* (London: Tavistock 1966), esp. on the differences between Melford Spiro and Clifford Geertz. Geertz's essay, "Religion as a Cultural System," is reprinted in his *Interpretation of Cultures* (New York: Basic Books 1973). Those scholars who focus on the religious experience itself, irrespective of the effect of the symbolic meanings of the rituals for other cultural systems, are engaged in a different enterprise from mine—that of self-consciously maintaining a religious as opposed to a sociological perspective. For the implications of the use of the religious perspective, see the above essay, esp. fn. 35.

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no single book acts as an ultimate reference for all its adherents as to the meaning of the religion, an original doctrine usually not only announces the faith, but also provides guidance for living a moral life consistent with the religious conceptualization. That this guidance has consequences for the organization of political life and for political values is intuitively obvious; it is a first source of hypotheses on the effects of religion on politics.

But this pure doctrine, as has been shown by sociologists, does not appear *ex nihilo*. It is a product of its times, and often of a particular social class with particular social needs. A new religion may emerge from a doctrinal schism which, while the debate centers on theological niceties, is really a class or caste conflict in disguise. If the original doctrine is really a function of a larger (or smaller) social, economic, or political milieu, in what sense can the religious doctrine itself be considered an independent variable explaining certain political predispositions? If in a religious movement among intellectual classes a charismatic leader arises who can attract a large following, and who issues the message that certain esoteric practices are necessary for salvation, how are we to explain the phenomenon? Is the religion itself the cause of the emergence of a self-contained intellectual elite, or has an intellectual elite developed an ideology with which to achieve and maintain power?

The interaction between the original doctrine and the social, political, and economic conditions of the time yields what might be called "the practical religion." That in itself can have an independent effect on political life, often quite different from the political or economic intentions of the original propagating group. Indeed, that is the level of analysis at which Weber worked (*PE*, 187). Jesus' doctrine, recoded to suit the politics of Pauline propagation, yields a social message that has had an independent effect on the course of history. This very different message should be analyzed separately from the actual doctrine, the hopes of Jesus, or the vision of Paul. Similarly with Judaism: the social fact that the Jews were a pariah people interacts with the Mosaic message and yields a practical Judaism. This level of analysis is more abstract than the level of doctrine of the charismatic founder, in that there is nothing to which all students can ultimately refer for guidance as to its real nature; it is nevertheless the crucial level for sociological study.

The sociological fact is transformed still further as the Christianity of Galilee becomes the Christianity of Rome, or of its Empire, or of Africa. Or again, the sociological fact of Islam, the interaction of the

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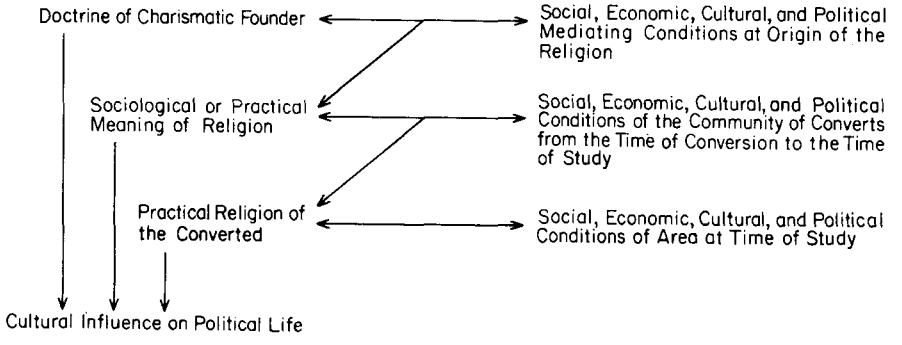
sacred message with the social position of the Quaraysh lineage in Mecca, itself is transformed as the Islamic religion moves on to Basra, Java, and North Africa. As the religion spreads, both in the form of original doctrine and in its practical form, it must interact with the cultural life of the new community. To what extent, then, do the social, political, economic, and cultural conditions of that place transform the religion to meet the needs and demands of the people? And to what extent will the demands of the people put pressure on the religion? In itself, that pressure will create a new sociological fact, a new practical religion different from the one from which the original doctrine emanated, and different again from the wishes of the converted peoples who try to shape the new message in their own image. One might call this new sociological fact "the practical religion of the converted"; it is constantly being influenced by contemporary social conditions. Cultural variables may change more slowly than attitudinal variables, but culture is a dynamic, not a static, system.

In any society outside the birthplace of the religion, three independent sources of influence may have an effect on political life. First is the pure doctrine as it would be analyzed by theologians. Second is the practical religion, or religion in its sociological sense, which emerges out of the interaction of doctrine and social origins of the ideas. And third, the interaction of the practical religion with the cultural conditions of the community of converts from a different culture yields a practical religion of the converted. Each of these levels represents a different era—with all the historically unique aspects of that era attached, as it were, to the symbols created in that region. But in each period, the symbols created take on a life of their own, even if the original social, economic, and political factors are gone. Thus, the



THE THREE LEVELS OF ANALYSIS IN STUDYING THE CULTURAL INFLUENCE OF RELIGION ON POLITICAL LIFE

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effects of all three levels can exist simultaneously, and it is a strategic question for research which of these levels should receive primary attention. The foregoing diagram is an illustration of the various levels of analysis in the isolation of the religious component of political culture. With this model in mind, it is possible to approach the books under review.

III

Donald Smith's *Religion and Political Development* deserves careful attention because it represents the fruits of many years of thinking about the relationship of religion and politics, is deeply embedded both intellectually and institutionally in the tradition of political culture research, and overcomes many of the problems which have marked that tradition. Professor Smith had already engaged in considerable research in Asia on the politics of religion before the subfield of political culture was institutionally recognized. To add to his perspective in writing this general book, he did some field research in Latin America.

Four world religions—Hinduism, Buddhism, Islam, and Catholicism—provide the focus for this study. Smith compares these religions on three dimensions. First, he examines whether the religion has a *historical* orientation, as do Islam and Catholicism, which rely on a "book" that explains the meaning of the religion based on the emergence of a people; or whether it has an *ahistorical* orientation, as do Buddhism and Hinduism, which stress meditation and immediate experience and do not rely exclusively on a sacred book as a source of eternal truth. Second, Smith distinguishes between *Church* systems, such as Catholicism and (less so) Buddhism, where the religion has become institutionalized, and thus a body autonomous within the society; and *organic* systems, such as Islam and Hinduism, where institutionalized structures are either nonexistent or eschewed. Finally, Smith separates religions that promote *hierarchical* values (as do Hinduism in giving support to the caste system, and Catholicism in differentiating classes of believers), from religions that promote *egalitarian* values (such as Buddhism and Islam, where theological statements strongly suggest the equality of all believers).

Although there is a sociological component to these variables, Smith's exposition of the four religions stands at the first of the three levels of analysis we have found in Weber's works. For Smith's understanding of "religion," what Paul said is more important than what appears in current catechism; Muhammad's teachings weigh more heavily than *mallam* interpretations of the law; the concept of *dharma* is more cen-

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tral than the Untouchables' idea of Hindu dogma; and Buddha's theories of *Nirvana* give us a set of ideas that are quintessentially Buddhist. For purposes of isolation of an explanatory theory, these religions are lifted from their sociological context. Smith's level of analysis fastens on the doctrine of the charismatic founder; and that, as we will see, provides opportunities and incurs problems.

Since his study is concerned with the problem of whether, and in what ways, poorly integrated and economically weak states will join the "modern" world, Smith seeks to understand how religion can support or prevent modernization. Relying on Pye, he finds that modernization has four dimensions: the extent of functional differentiation, political participation, tolerance of other views (and concomitant willingness to bargain), and receptivity and openness to change.[9] The key to this study, then, lies in the way Smith relates the questions concerning modernization to the three dichotomies he uses to compare religions.

On the issue of secularized roles or functional differentiation, Smith argues that organic religions resist secularization, but Church religions support secularization. In Hinduism, the distinction between a lay and a religious leader is never clear, as is evident especially in the example of Gandhi (whose title Mahatma means "Great Soul"); the ability of secular institutions to separate themselves from religious institutions is severely restricted. Smith suggests that the secular domains can become functionally differentiated only if jurisdictions are separate. Islam, the other organic religion, also resists secularization; only the most radical of leaders, such as Ataturk, have been able to bring even minimal secularized role differentiation to their societies.

Church religions, on the other hand, support secularization, though usually inadvertently. Although Buddhist monks have been political actors (because the Church has institutionalized the religion), kings developed autonomous power and separate roles. Similarly, the more the Catholic Church institutionalized religion, the greater the opportunity for secular power to emerge. Once the Church implicitly accepts separate sources of power, the possibility of a restricted role of religion in its functional domain (administering grace, as Weber would put it) is enhanced.

On the issue of participation, Smith suggests that the hierarchical religions, Hinduism and Catholicism, would restrict the level of popular participation; while the egalitarian ones, Buddhism and Islam, should be supportive of participation. He notes that both the Church in Latin

[9] Lucian Pye, *Aspects of Political Development* (Boston: Little, Brown 1966), chap. 2.

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America and the caste-supported structures of Hinduism are inimical to ideas of popular participation. Smith faces an intellectual predicament, however, when dealing with the states whose people share an egalitarian religion; according to his theory, they should be the opposite of Latin America and India. In fact, the Islamic and Buddhist worlds contain low-participant polities. For Islam, Smith suggests that participation has not reached the fruition politically that the religious culture could support emotionally. And for Buddhism, he proposes that the incongruence between a religious culture that supports participation and a political system that rejects it could well be the source of the psychological strains among Burmese elites that Pye notes in his study of Burmese nation building.[10] Smith's argument, then, is not that religious culture actively pushes a society toward a certain political culture, but rather that it is likely to provide psychic support for polities whose values reflect the religious culture.

Smith uses the third criterion of modernization—the extent to which members of a polity engage in compromise—to differentiate democratic from authoritarian systems. He argues that historical religions are concerned with truth as revealed in history, and that this "truth revealed objectively in history is the same for everyone and therefore absolute" (p. 249). The absolute nature of the truth does not lend itself to toleration of differences of opinion. Ahistorical religions, on the other hand, deny that there is a divine purpose to worldly affairs, or that certain individuals are bearers of absolute truth. These religions can give emotional support to persons who hold a wide variety of opinions. Democratic political cultures, in which there is a good deal of pragmatic bargaining and in which no single substantive goal for society is consecrated, will find support from ahistorical religions.

Catholicism in Latin America has not been a barrier to authoritarian government; Smith suggests that the historical nature of the Catholic religion has "unquestionably conditioned Latin Americans to the acceptance of and submission to authoritarian governments led by *caudillos* or oligarchies" (p. 277). Islam, as a historical religion, has also lent itself to highly ideological statements of political goals, as well as to acceptance of authoritarian leaders by the masses.

When dealing with the ahistorical religions, Smith faces the same problem that he faced with the religions of egalitarian values. Although he would like to argue that Hinduism and Buddhism support political compromise, the states whose citizens are predominantly of

[10] Lucian Pye, *Politics, Personality, and Nation Building* (New Haven: Yale University Press 1962).

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those religions barely give their peoples any chance to bargain. Smith suggests that the ahistoric character of Hinduism explains the nonideological nature of Indian politics. Again, he suggests that ideological solutions are less likely in Buddhist polities. Therefore, although both Hindu and Buddhist states are far from the pragmatically bargaining polities that the religious culture could support, the fact that intensely held ideological doctrines are rare in those states makes pragmatic bargaining possible if other conditions favor democratic institutions.

Finally, Smith discusses the question which religious systems are more likely to support social change or even to guide it. He argues that a Church system, because of its institutional structures, has the capacity to effect change, while organic systems are institutionally not as capable of giving direction to change. A historical system, Smith continues, is more likely to provide the motivation for change through development of an ideology; whereas an ahistorical religion is less likely to formulate a program, and therefore is less likely to provide emotional support for change. Church systems that have historical theologies are therefore most likely to support change and be supportive of political modernization in general, while organic-ahistorical religions are likely to be least supportive of political modernization.

By this reasoning, Catholic societies should be the ones most supportive of political change. Smith, therefore, puts much hope in Christian Democracy in Latin America. (Ironically, he saw in Chile's Frei the model for social and political change in Third-World states.) As for Islam, Smith points to the motivation for change in the doctrines of socialism that abound in the Middle East, but laments the lack of organizational resources to effect the changes necessary for a socialist program. The converse is true for Buddhism, where monks are ever active in politics; but, because they lack historical doctrine, they are without clear political programs to motivate themselves or their supporters to the necessary diligent activity to affect change on a large scale. Finally, Smith sees little hope for India, in which the Hindu religion has neither the organization nor the ideology to impel any group to bring about social or political change.

These are provocative arguments. Smith carefully differentiates what is systemically true from what are historical accidents, and therefore does not claim to be able to predict all political outcomes from religious doctrines. In his discussion of the ideological character of Islamic thought, for example, he notes that its egalitarian values should quite strongly support socialist doctrines, but then demurs: "There is always the danger that the recognition of such affinities will lead more to com-

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placency than change. The Moslem intellectual may find so much emotional satisfaction in the idea that Islam is socialistic that he will be undisturbed by the gross poverty, disease, illiteracy, and inequality around him" (p. 229).

Nonetheless, the framework derived from Weber discloses a major problem in Smith's explanations. In discussing the religious legitimation of change, for example, Smith brings up the *Sarvodaya* (literally, "welfare of all") movement in India, and refers to it "as one ideological influence in the legitimation of change" (p. 224). But we have already been told that Hinduism, because it is ahistorical, does not lend itself to ideological movements (p. 194). Again, in his conclusion concerning Hinduism, he notes that "there is no Hindu counterpart of the Islamic *fatwa* or the Catholic encyclical" (p. 256), because of Hinduism's organic character. That may be the case, except for the fact that the Islamic religion is organic as well. These contradictions are not mere mistakes; they reflect a larger problem. Smith's explanatory variables are so divorced from sociological reality that particular cases do not easily fit into any one category. The *Sarvodaya*, for example, is both ideological and unimportant in Indian politics. To explain why it is unimportant (due to Hinduism's organic character), Smith wants to grant its ideological flavor; but once he does that, he counters his assertion that ahistorical religions do not lend themselves to ideological thinking. Similarly with the *fatwa*. He wants to show us that the *fatwa* is sufficiently authoritative to direct change, because of Islam's historical character, but insufficiently authoritative because of Islam's organic character. The problem with this sort of reasoning is that it allows the scholar to say almost anything about any political movement.

This point reflects on Smith's reduction of evidence to the psychological level. He tells us that the Buddhist states, contrary to his theoretical expectations, are undemocratic; but that leads him to suggest that political actors there are more uncomfortable with autocracy than political actors in other states whose religions are hierarchical. Elsewhere, he tells us that Islamic support of socialism could lead to movements toward equality, or to insouciance, depending on how Islamic peoples react to these principles. But if a movement can be an example of a certain phenomenon as well as its opposite, or if a religion can support both a type of political activity and its opposite, then the explanatory variable explains little.

Because he focuses on the first level of analysis—the level I have called the doctrine of the charismatic founder—Smith cannot be systematic in comparing the different sociological contexts in which these religions

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operate. He is forced to make *ad hoc* judgments about the psychological and sociological context of the particular area in which the religion is practiced. Social theory demands that we be systematic about the factors which explain variance. Although Smith's judgments are often sound and reflective of wide experience, and he works on an abstract level of analysis, he has not been systematic about the intervening variables; he therefore makes incomplete explanations. By not treating the second level of analysis—the sociological or practical meaning of religion—Smith has missed perhaps the more exciting level of explanation while giving us a glimpse of its promise.

IV

Unlike Smith's work, Maxime Rodinson's *Islam and Capitalism* is embedded in Marxism, and is therefore suspicious of any claims that a cultural phenomenon may promote or retard a stage of economic development. But like Smith's, Rodinson's conception of religion is more doctrinal and theological than sociological and practical. Any attempt to debunk the implications of Weber's arguments for Islamic economic development from a perspective that views economic development in Marxist terms and religious development in theological terms is necessarily fraught with both insight and danger. Rodinson's general argument (when divorced from the intra-Marxist polemics concerning just what is true Marxist criticism) is nonetheless both clear and elegant, and deserves careful exposition.

For Rodinson, as it was for Weber, the dominant question is why the Islamic world (in the case of Weber, it was the non-occidental world), which had reached a stage of sufficient capital for the development of modern capitalism, did not follow in Europe's footsteps to full capitalist development. Before adducing his own explanation, Rodinson expends most of his scholarly energies in debunking what he takes to be Weber's argument: viz., that the answer to the non-development of capitalism can be found in the nature of the Islamic religion.

Rodinson argues, first, that if capitalism is the highest stage of economic rationality, the Qur'an should have supported it. Unlike the Old Testament which emphasizes the inaccessible character of divine plans, the Qur'an constantly gives reasons in support of the Revelation. In fact, the verb *'aqala*, which means "connect ideas together, reason, understand an intellectual argument," is, according to Rodinson's reckoning, repeated about fifty times in the Qur'an. The general point is that, while the Old and New Testaments more often than not exhort faith

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in order to see reason, the Qur'an constantly gives good reasons to have faith. Certainly the Qur'an should provide no barrier to economic rationality (chap. 4).

Second, Rodinson argues that a worldly life that is directed toward making a profit gets strong Qur'anic support. He points out that, since it lays down rules for inheritance, the Qur'an does not oppose private property. Nor does it contain injunctions against profit; indeed, the Qur'an calls profit "God's bounty." Although in the Qur'an there is much criticism of *riba*, which has been understood as "interest," it is the result, according to Rodinson, of an error in translation: *riba* clearly implies "windfall" or "profit based on chance." He demonstrates that Meccan society at the birth of Islam was a center of capitalistic trade, and that lending at interest was "well known." There were even ritualized modes of breaking the *riba* taboos, suggested in the word *hiyal*, meaning "ruse." *Hiyal* was commonplace in early Islamic society, and Rodinson refers to it in numerous places. For example, it was quite common for a capitalist to sell something at an agreed-upon inflated price, as a substitute for interest, to someone who owed him money. "None of these economic activities," Rodinson concludes, "seemed unusual or exceptional in that setting" (p. 54). If capitalism did not blossom from those seeds as it did in Europe, the fault cannot lie with Moslem doctrine.

Because profit making was supported both on religious and societal grounds, and because Islam emerged as the religion of a trading clan, merchants were held in high esteem in the Islamic community. One of the traditions quotes the Prophet as saying "The merchant who is sincere and trustworthy will be among the prophets," and "Merchants are the messengers of this world and God's faithful trustees on Earth" (p. 16). And 'Umar, an early caliph, remarked, "Death can come upon me nowhere more pleasantly than where I am engaged in business in the market, buying and selling on behalf of my family" (p. 17).

Rodinson's third point countering the implications of the Weberian explanation of the non-development of modern capitalism in the Islamic world is that Islam does not give, as is widely believed, strong support to a socialist or leveling doctrine. In fact, despite the doctrine of *zakat* or alms giving (which, Rodinson is quick to point out, exists in Christianity as well), "the traditional Moslem states offer throughout history the spectacle of a poignant contrast between the astonishing luxury that prevails at the courts and among the rich, and the most abject misery in which the mass of the people are sunk" (p. 73). In his view, there was never strong religious support for radical leveling, and

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those who earned large profits made only token payments to the poor. The main conclusion Rodinson derives from this argument, as well as from those concerning rationality and profit making, is that religious theorizing "did not challenge the fundamentals of economic activity" (p. 75).

With the Weberian arguments apparently dissolved, Rodinson puts forth hypotheses of a Marxist character to explain the absence of modern capitalism in the Islamic world. He begins by suggesting that because capitalism arose in Europe, and came to the Islamic world as an import, it was associated with imperialism.[11] Second, relying on A. J. Meyer's *Middle Eastern Capitalism* (1959), Rodinson seeks to show that the unwillingness of Islamic protocapitalists to invest in industry was not the result of irrationality, but of their rational calculation of the superior returns to be obtained from real estate.

Although Rodinson's analysis was meant in large part to be a critique of Weber's thesis, it should be apparent that many of his criticisms miss their mark for several reasons. First, by capitalism Rodinson essentially means the economic system in which, in most sectors of the economy, private owners of the means of production pay a wage to free workers. That is a perfectly reasonable definition of capitalism by Marxist standards, but Weber sought to explain a markedly different phenomenon. Weber identified modern capitalism in terms of the organization of industrial production and not in terms of the ownership of the means of production. Moreover, he was interested in explaining more than the emergence of capitalism. In the "spirit" of capitalism there are two other crucial elements, the idea of the "calling" and the morality of limits. It is the mixture of the rational organization of production, the "calling," and the morality of limits that adds up to the "spirit of capitalism." Rodinson focuses his attention only on the first of these criteria. His later attempt to refute Weber's argument on the basis that capitalism preceded Protestantism in Europe is therefore not valid. The *spirit* of modern capitalism, Weber's dependent variable, *followed* the emergence of Protestantism.

A second problem is that Rodinson's and Weber's uses of the word "rational" are not commensurate. Rodinson sees "reasoning" as the heart of rationality, while Weber saw "methodicalness." For Weber, the rejection of magic and ecstasy in Calvinism, and the support for a regular, routinized life were the essence of rationalism (*PE*, 53, 176). He decidedly did not mean utilitarian calculation, based on "good

[11] This argument is not to be associated with the one which holds that capitalism yields underdevelopment.

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reasons," which is how Rodinson uses the term. The consequences of this difference are important. Investment in land, the key economic opportunity in the Islamic world, might well have brought great profits to Calvinists, and might thus have been more rational in Rodinson's sense. Such investment, with the owner merely collecting rent, would nonetheless have assured a less methodical life for the investor in the sense of not giving him the opportunity for regular labor. He would therefore have been less rational in Weber's sense.

The third problem with Rodinson's analysis is his mistaken contention that Weber argued that unlimited acquisitiveness was a characteristic unique to capitalism. But again Rodinson misses the mark. Rodinson expends much effort in showing how profit was accepted and even worshipped by Muhammad and the early caliphs; Weber had made quite clear that the desire for the encouragement of profit making and great accumulation of wealth can be found in the norms of many diverse societies (*SR*, 248-50).

Closely related to this misunderstanding is Rodinson's seeming ignorance of the inner-worldly ascetic nature of the capitalist spirit which Weber emphasized. From Rodinson's point of view, "the merchants of the Moslem Empire conformed perfectly to Weber's criteria for capitalistic activity. They seized any and every opportunity for profit, and calculated their outlays, their encashments and their profits in money terms" (p. 30). Elsewhere, he argues that "the capitalist spirit is a fact. It presents rather different aspects . . . [but in all] we find the same feverish chase after profits, the same quasi-ascetic dedication of their lives to this pursuit, and numerous other common features. . . . Yet this spirit is not born of nothing, nor is it born, as Max Weber thought, of another spirit. It was social, political, and economic conditions that enabled it to develop" (pp. 216-17). Not so; by inner-worldly asceticism, Weber meant "the rational and ethical *limitation* of the quest for profit" (*SR*, 269; emphasis added). Weber contended that for Protestants, the only way to deal with anxiety concerning salvation was through ascetic activity within the economic system. This anxiety provided the motivation for thrift, hard work, and the accumulation of capital. In his exposition of Weber's thesis, Rodinson captures the element of the pursuit of profits, but misses the element of its limits. Furthermore, while Rodinson goes to great pains to show, contra Weber, that *riba* taboos were easily overcome in Moslem life, Weber insisted on showing that "no really pious Puritan—and this is the crucial point—could have regarded as pleasing to God any profit derived from usury" (*SR*, 252). Rodinson's obsessive concern to show that Moslems have wanted to make

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profits, have been encouraged by their religion to do so, and have put those profits to good use, may well point to important truths about Islam. It does not, however, speak to the issues with which Weber was directly concerned.

Furthermore, in his discussion of profit making, Rodinson misses the distinction between socially permitted and socially encouraged behavior. In arguing that there were loopholes (*hiyal*) through which any Moslem merchant could overcome the taboos against *riba*, Rodinson shows that these taboos were not constraints upon entrepreneurship. Aside from the issue of whether usurious enterprises are consistent with the "capitalist spirit" as Weber formulated it, there is another problem. Rodinson sees the fact that Islam permitted or encouraged profit making as evidence that Islam was not a barrier to the development of capitalism. Weber had shown that by exalting a limited quest for profit, Protestants had (inadvertently) encouraged the development of modern capitalism. While the Islamic community was looking in the other direction as capitalists made windfall profits, the Protestant community made religious *virtuosi* of its entrepreneurs.

My final criticism of Rodinson's critique concerns his level of analysis. By using doctrinal quotations outside their sociological context, he implies that the doctrine of the charismatic founder is the essence of the religion. But by ignoring the sociological context of the theological doctrine, he misses the essence of any religion as defined by Weber. Rodinson quotes Muhammad from the holy tradition: "If thou profit by doing what is permitted, the deed is a *djihad* (holy war), and, if thou usest it for thy family and kindred, this will be a *sadaqa* (pious work); and truly, a *dirham* (money) lawfully gained from trade is worth more than ten *dirhams* gained in any other way" (pp. 16-17). Rodinson takes this statement as evidence that commercial behavior was positively encouraged by the Prophet. That may well be a misinterpretation. By using the word "lawfully," Muhammad was probably telling the businessman that he could continue as a businessman and still be a Moslem, but that he would have to bring some of his practices around to the dictates of Moslem law. Muhammad, in other words, was attempting here to incorporate the Quaraysh business community into his religion; he was not giving positive religious sanction to their activities. By taking doctrinal statements on the semantic level but ignoring their meaning on the pragmatic level, one can miss entirely the insights that a sociological perspective should yield into any religion.

Rodinson concludes a major segment of his book with the suggestion that there may well be a Moslem mode of economic behavior:

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> It may be that there are national styles in capitalist enterprise in the Moslem countries, just as there are national styles in capitalist enterprise in the Christian countries. If serious scientific research succeeds in defining what these are (which has not been done up to now), a certain kinship will *perhaps* be discovered to exist between these styles, due to the presence of a common heritage of ways of thought and conduct. . . . It is therefore not absolutely impossible that 'Moslem' characteristics may be discovered that will stand up to critical analysis (pp. 164-65; emphasis in original).

I believe Rodinson to be correct here. But, as I argued in the discussion of Smith's work, if such differences are to be scientifically determined, a more sociologically informed level of analysis than that of the doctrine of the charismatic founder will have to be brought into play.

V

In his awesomely esoteric *Religion and Political Culture in Kano*, John Paden defines religion as "beliefs, values, and actions based on ultimate concern" (p. 8). Although such a formulation would lead one to expect a Weberian approach to religion, perhaps with a more psychological focus, this initial definition proves to have little influence on Paden's analysis of the Islamic religion in Kano. He asserts that the main purpose of the case study is to assess "transferences of values from the religious sphere to the political sphere and the extent to which the particular dimensions of political culture are affected by religious values, beliefs, and actions" (p. 10). That, too, sounds Weberian in purpose. But again, a careful reading shows otherwise. Paden's explanations focus not on practical religion and its bearing on political life (as he suggests), but rather on the social, economic, and political conditions in Kano at the turn of the century, and the implications of these conditions for religious organization.

Once it gets down to business, this study seeks to answer two perplexing questions about the city of Kano in particular and the Northern Region of Nigeria in general. First, how was this ethnically, religiously, and socially diverse area integrated? Theories of integration based on studies of the African experience have not been sanguine about the success of efforts to create intertribal or interethnic unity. Yet in the early 1960's, the Sardauna of Sokoto—the leading Northern Nigerian politician—was able to establish what appeared to be regional unification in the North. Paden wants to ascertain how the Hausa, Fulani, Beriberi, and other nationalities could all begin to perceive themselves as citizens of Kano, and even as "Northerners."

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Second, this study addresses itself to the question of how a community like Kano, steeped in a so-called traditionalist religion, could develop modern institutions. Paden finds that Kano's politics were much more modern than one might suppose. More religious and political roles were filled through achievement than through ascriptive criteria. Old segmental units of authority were giving way to more hierarchical control. And bureaucratic efficiency was beginning to replace dynastic stability as the primary social value in both religious and political organizations.

If Paden had been able to explain integration and modernization through an exposition of the "ultimate meaning of the central values" of Kano society, in which religion was "regarded as the basis of both ideological and cultural values" (p. 8), he would have made a significant advance in the study of political culture. Unfortunately for the theory, Paden's explanatory variables bear little resemblance to deeply held religious values; it is social change that is at the root of his explanation.

Three key factors, according to Paden, account for the social mobilization of the traditional peoples of Kano early in the 20th century. The first was the British conquest in 1903, which united the Kano communities against British overrule. The second, Kano's investment in groundnuts (aided by the British-built railroad and roads), was a brilliant success and another source of social mobilization. The third was Kano's evolution into an entrepôt for trans-Saharan trade after the French displaced the Arabs further north. It became the major assembly point for the Islamic *hagg* to Mecca from West Africa. Throughout the colonial era, in fact, more passengers went through the Kano air terminal than through Lagos. Colonial control, economic expansion, and regional relevance as a religious center made Kano a cosmopolitan city (pp. 14-32).

Social mobilization made the population receptive to new ideas. As a result, the *sufi* religious orders, the dominant religious organizations in Kano, spawned reform movements. The first such movement arose in the Tijaniyya order, which was led by a Wolof from Senegal. By virtue of being a foreigner, he was able to unite the Hausa and the Fulani Tijaniyya brotherhoods. Their new sense of unity drew strength from the competition with Sokoto, Kano's main urban rival in the North, and with the rival Qadiriyya order.

The reformed Tijaniyya order was committed to gaining more members and increasing its influence in Kano. Tijaniyya leaders took advantage of the social and economic flux in Kano and began to recruit individuals rather than whole groups, and to expand the routinized

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work of the order. Some of the newer leaders had to overcome hostility on the part of traditional Tijani leaders—as they did in a successful campaign against a prohibition to read the Qur'an on the radio. Others set up printing houses for Arabic and Hausa publications. The number of activities increased, and the order began to recruit a regular staff. The expansion of tasks led to functionally specific leadership roles in the reformed order. And, to the extent that these roles had clear tasks associated with them, authority became associated with achievement, and bureaucratic efficiency became a major reformed-Tijaniyya value, which rival orders were quick to emulate.

The enmity between Sokoto and Kano was mitigated as a result of cross-cutting cleavages. Through an important dynastic marriage involving the dominant families of the two cities, the stage was set for territorial integration of the North. In the post-independence period, Ahmadu Bello, then the Sardauna of Sokoto, created a new order, the Usmaniyya, which "came to represent a transethnic, transbrotherhood basis for northern regionalism" (p. 147). With the two major regional centers united, the North was able to make common cause against the economic dominance of Southern Nigeria. By the 1964 elections, Bello was able to present a territorially integrated Northern region to Nigeria and the world.

Paden argues that the reform of the Islamic orders induced political modernization. He notes the positive effect of achievement-oriented, functionally specific, efficient bureaucratic roles in the *sufi* orders on the political organizations. And as the religious orders adjusted to the requirements of modernity, so did the political order. Paden concludes that there is a "causal linkage between religious integration and political integration" (p. 392). The argument is compelling, but as I suggested earlier, it bears little resemblance either to political-cultural arguments or to what Paden himself initially claimed he was arguing.

As in the case of Smith, a careful examination of the level of analysis will lead to a methodological critique. In the terms of my categorization, Paden focuses on the social, economic, and political conditions of the community of converts and demonstrates how these conditions had a significant impact in forming the practical religion in Kano. Economic expansion, political overrule, and regional importance are salient elements in explaining changes in the meaning of Islam for the people. This demonstration is quite important in itself; but if Paden had been more aware of the level of analysis on which he was operating, he would, I think, have seized additional opportunities for showing how the practical religion of the converted—as created through the inter-

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relationship of Islamic doctrine and the social conditions of Kano at the turn of the century—had its own influence on the subsequent development of cultural and political life.[12]

For example, at the conclusion of one chapter, Paden suggests that core elements in Kano values include the notions of "repairing" and "holism." Kano people, he points out, have interpreted the Islamic idea of *gyara*, which means both continuity and repairing, so as to emphasize the latter connotation. That is in apparent contradiction to the holistic idea in Islam which holds that all change must start with the core values of the society. Although Paden suggests that a merging of holism and reformism occurs in Kano political thought (p. 386), he does not pursue the matter. The student of political culture should, by observing the contradictory thrusts of the two values, see opportunity for further research here. What are the implications of this puzzling combination of values, or for understanding the way the people of Kano might respond to reformist political movements? Would they be more receptive than Moslems who emphasize the sense of continuity in the concept of *gyara*?

The thread is dropped, I think, because Paden is not attuned to what could be the central force of research in political culture—the explication of how ideas and values, which emerge in particular social settings, take on a life of their own and affect future understanding of new social settings. Paden therefore organizes his book as if it were in the tradition of research that seeks to explain political outcomes on the basis of evidence from cultural phenomena. That tradition marks both Weber's work and the vision of those scholars who introduced the concept of political culture into the lexicon of political science. But in Paden's study, culture becomes the dependent variable, and its changes are explained by social, economic, and political factors.

VI

The study of political culture demands comparative treatment. Clifford Geertz is one of those scholars who have recognized the need.[13] His *Islam Observed*, a short manuscript (originally four lectures at Yale) is an outstanding example of the genre. In it, Geertz attempts to

[12] See J.D.Y. Peel, *Aladura: A Religious Movement Among the Yoruba* (London: Oxford 1968), esp. chap. 6, for a good account of how the sociological meaning of a religious movement at the time of its founding continues to portray the same message for more than a generation, even though the sociological conditions have changed. It is quite suggestive for studies of religious movements which are more politically focused.

[13] Besides the book under review, see Geertz, *Peddlers and Princes* (Chicago: University of Chicago Press 1963) for another excellent use of the comparative method.

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explain how the social and political ramifications of Islam change from one cultural context to another. He draws on his field research in Indonesia and Morocco (both of which are Islamic), in order to observe the different features of the progeny of the religion. Geertz assumes that there will be resemblances in the family of Islam; but here he attempts to discern the scope of differences within that family.

Morocco's tribal civilization antedates Islam. The nomadic tribes eked out a living through constant movement and daring raids; the ecology of the Atlas Mountains made for a civilization based on nerve. When Islam arrived, it made a total assault on the indigenous populations, and conversion was effected by conquest. In order to illustrate the fundamentalist ethic and the moral intensity of the Moroccans, Geertz holds up Lyusi, a 17th-century mystic as a model of a religious virtuoso in the Moroccan context. Lyusi, so the tradition goes, became a saint when, as a pilgrim, he was the only one with sufficient courage to wash the nightshirt of a *sufi* Shaikh who was dying of smallpox. He lived during the Maraboutic crisis, when there was a breakdown of central authority. He travelled to restore faith and unity in his country; it is said that upon finding that the Sultan of a famous city was ill-treating his people, Lyusi began to break his dishes after every feast. He told the outraged Sultan that he was doing to the dishes what the Sultan was doing to his people. The Sultan promptly expelled him from the city. However, Lyusi stayed within the Sultan's jurisdiction; when he was attacked by his forces, he used his magic, and the Sultan was spared only when he agreed to declare Lyusi a *sherif*, that is, a descendant of the Prophet. This story, according to Geertz, exemplifies the zealotry, the activism, and the populism of Moroccan Islam.

As Geertz points out, pre-Islamic Indonesia differed from pre-Islamic Morocco in almost every respect, and so Geertz assumes that if they are both family members of Islam, their features are similar not like those of brothers, but more like those of distant cousins. Indonesia had, and still has, a peasant culture in which success derives not from nerve, but from diligence. Antedating Islam was the Hindu-Buddhist Javanese tradition; the Islamic religion did not penetrate Indonesia until the 14th century, entering gradually, through trade. Gradual conversion meant that snycretism, not fundamentalism, would mark the belief system.

As an example of the meaning of Islam in Indonesia, Geertz cites the story of Kalidjaga, a 16th-century rascal. When Kalidjaga attempted to rob an Islamic man of wealth, the latter told him not to waste his time, and instantly turned the foliage of a nearby tree into jewels. He

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convinced Kalidjaga that wealth was too ephemeral to worry about, and the young thief became aware of a new truth. He asked the magician to teach him his skills, and was told to sit by the nearby river until the older man returned. Kalidjaga is said to have meditated for forty years, awaiting his mentor. When he finally returned, he asked Kalidjaga some questions about theology, and, although Kalidjaga had not read a thing, nor talked with anyone, he was able to answer them all. He was therefore accepted as a true Moslem. Kalidjaga exemplifies for Geertz the Javanese values of quietism, elitism, self-effacement, and inwardness. While Lyusi attempted to save his society by struggling, as if in battle, to "command" an ideal, Kalidjaga strove, through the development of inner harmony, as if in the theater, to "portray" an ideal (p. 30).

The different cultures of Morocco and Indonesia not only encountered the same world religion, but were both colonized by European powers; both experienced efforts by professional priests to bureaucratize the religion; and both rejected European hegemony in favor of nationalist movements. But these similarities obscure deep differences. Geertz suggests that for Morocco, the "real world" of common sense is one of spiritual energies projecting a style of life celebrating moral passion. Thus, Moroccan religion is strongly fundamentalist. Compartmentalization of what is religious and what is secular permits an absolutist religion to allow no compromise with modern science and technology. Although the force of Islam remains strong, its scope (the number of functional domains for which it is relevant) is therefore quite limited. At the same time, it allows for a politics that can be in direct contradiction to religious values (pp. 111-13).

In Indonesia, on the other hand, people do not see energetic commitment as the normal state of affairs; they expect the world to maintain a stable aesthetic hierarchy. Indonesians have not reacted to secularization through confrontation, but rather through a focus on the complementarity of the Qur'an and science, a sort of Fabian syncretism. Thus, while the force of Islam is low in Indonesia, its scope is broad inasmuch as it remains relevant in a wide variety of functional domains. Political life will not, according to this analysis, stray too far from the symbols of Islamic syncretism.

Geertz's study, focusing on the social conditions of the two communities at the time of conversion and at the present time, is able to delineate the variety of responses possible to the same socio-religious force, viz., Islam. But, if one were to study a window and a brick wall after a

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rock was thrown at each of them, and only looked at the window and the wall, one might learn much about the nature of brick and glass, but one could hardly call the results of the analysis "rocks observed." Similarly, by examining the effects of Islam on two very different cultures, Geertz provides an illuminating study of the nature of the Moroccan and Indonesian cultures rather than an analysis of Islam. In fact, although the key words do crop up now and again in the text, in the index there is no mention of *Qur'an* and *hadith*, *shariah*, or *djihad*. Geertz has brilliantly identified the mediating conditions that reshape religions; but he has not focussed in this particular work on "the practical religion" of Islam. Although it is useful to go beyond the theological doctrines of Islam to understand the impact of religion on society, it is unproductive to ignore the force of the practical religion—the realm where theology and social and economic conditions meet. In *Islam Observed*, as well as in *Religion and Political Culture in Kano*, religion is seen as dependent on outside forces and not as an independent cultural force. Neither of these books, then, is fully in the spirit of the Weberian tradition.

To be sure, Geertz's purposes are different from Weber's. In *Islam Observed*, Geertz is primarily interested in understanding culture in general; Weber, in *The Protestant Ethic*, was seeking to understand religion as an independent cultural system. Geertz's comparative method can nonetheless be applied to the problem at hand. Instead of examining two very different cultures which have experienced the same world religion and comparing them, it might be worthwhile to find a single culture which has experienced two very different world religions. Although the insights derived from this sort of study, if focused on the level of the practical religion of the converted, might not clarify the true nature of the culture, they might illuminate the differences that inhere in the different world religions.

Perhaps a concrete example will make my point clear. The Yoruba people in Western Nigeria have a long history, and their political and cultural institutions are well recorded, antedating their exposure to Islam and Christianity. In the mid-19th century, Islamic forces penetrated northern Yorubaland while Christian forces penetrated the south, both successfully winning converts in their geographical areas. Today, some 40 percent of the Yorubas consider themselves Christians and 40 percent are Muslims; the remainder have maintained allegiance to the indigenous religion. Since all the Yoruba people faced more or less the same historical, political, and economic forces, Yorubaland seems an

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ideal setting to assess the independent and differential impact of two world religions on a single culture. The two hypotheses which follow attempt to focus on the practical religions of the converted.

The Christian religion was spread in Yorubaland through a corps of people who did little but propagate religion. To eliminate people whom they saw as a threat to the spread of the Gospel, they often relied on the British Navy; to create a commercial class of Yorubas who, by virtue of their class interests, would be more receptive to a world religion, they relied on traders. The missionaries maintained their religious role at all times, and even scorned the military and the merchants for engaging in activities they themselves felt to be historically necessary, but beneath them. The Moslems, on the other hand, were more willing to shift roles. A religious adherent could compartmentalize the roles of trader, warrior, and evangelist without incurring psychic stress.

The source of this difference lies in Jesus' fundamental rejection of violence and worldly goods as opposed to Muhammad's calls for holy war and his appreciation of worldly luxuries; that is to say, it is based on the level of the thoughts and actions of the charismatic founders of the two religions. But more important for our purposes is an understanding of how Christian and Moslem evangelists spoke and acted in Africa. Considering the different practical religions, one might predict that Christian Yorubas would be likely to accept a political authority based on the principles that the person who gives orders has the right, by virtue of his position, to do so. Moslems, on the other hand, would be less willing to accept orders coming from a "role" and more likely to take into account the particular qualities of the role incumbent and the justice of the particular order. The extent to which role determines legitimate authority can vary culturally; differential exposure to practical religion could well be one source of the variation.

In addition, Christian and Moslem Yorubas could value liberty and community differentially. The theological source of this difference lies in Christian notions of individual salvation as opposed to Islamic insistence on a community of followers. The practical implications can be seen in the fact that the Moslems converted the Yorubas in groups, whereas the Christians did so individually. Where there is a conflict of values, the nature of the conversion could lead Christian Yorubas to side with individual freedom over fraternity; it could lead Islamic Yorubas to choose the other way. These notions require some empirical testing, but it is this kind of analysis—with differences in practical religion as the explanatory variable and differential conceptions of normal behavior as the dependent variables—that is more fully in the

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spirit of the Weberian tradition, and more fruitful for the development of a cultural theory of politics.

Geertz's work is by no means inconsistent with this mode of research; but these ideas suggest how one might begin to speculate on the essence of Islam or of Christianity. By holding religion constant, Geertz is able to gain a better understanding of culture; that suggests that by holding culture constant, one should be able to understand religion better.

VII

Paden and Smith seem to agree that religion explains some variance in everyday social, economic, and political behavior. Geertz and Rodinson, albeit for different reasons, show that religion (in the sense of "Islam" or "Christianity") explains little variance. And while Smith and Rodinson treat religion as a set of doctrines expounded by the early proselytizers of the emergent faith, Paden and Geertz tend to minimize those doctrines and to focus on the social and cultural environment surrounding the religion.

None of the authors, however, steers a middle course that might yield important insights on the question at hand. Instead of focusing on the doctrine, or on the socioeconomic conditions of the community of believers, it is possible to formulate, in ideal-typical terms, the idea of the *practical religion*. The practical religion is not subject to ostensive definition, but often has a set of features that are discernible. A world religion is not a face set in granite; rather, it is a set of faces, all sharing some family resemblances. Each separate culture that is pervaded by a world religion will surely have some distinctive aspects, but it will also have, according to this formulation, a genetic structure suggesting family membership in the larger world religion. To view a religious culture as a distinctive system that bears a family resemblance to other cultures of the same religious affiliation is to view religion on the "practical" level. It is on this level of analysis—largely absent in the four books under review—that the most interesting hypotheses concerning cultural influences on politics are to be found.

The authors seem to avoid asking the very simple, yet overwhelmingly important questions which marked Weber's work, and which should define research in political culture: To what extent does religion stabilize, change, or reformulate nonreligious beliefs and actions? And in what contexts? Questions of this sort would yield different research designs than the ones developed in the volumes under review. What would be required is a research design that would control for social and

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cultural differences, but that identified sites in which practical religion varies. It would then be possible, through careful field work, to examine behavioral consequences under the different religions. One might then be able to avoid the typical statements about religion—that it shapes the very meaning of life for all its adherents; that it makes no difference for secular life and is becoming decreasingly significant[14]—and to ask simply how much difference it makes, in what social domains, and for what human and political consequences. Such a study would be an important contribution, not only to any general theory of political culture, but to our scientific understanding of society as well.

[14] See, for example, J. Spencer Trimingham, *Islam in East Africa* (Oxford: Clarendon Press 1964), 58: "The Somali group conversion changed the religious elements of their life and, reinforcing their national consciousness, gave them a different outlook but scarcely influenced their social institutions." In *The Influence of Islam upon Africa* (London: Longmans 1969), however, Trimingham argues that although changes due to Islamic conversion often seem superficial, "in time Islam revolutionizes the inner man" (p. 47). These two statements are not necessarily inconsistent; they reflect a pattern common to essays on comparative religion. They find, as Geertz did, that local cultures are tenacious; but they also recognize, as Smith did, that world religions are powerful forces. My point is that few people have tried to weigh the impact of world religions on local cultures in a systematic manner.

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INDUSTRIAL MODERNIZATION AND POLITICAL CHANGE:

A Latin American Perspective

By DAVID COLLIER*

Guillermo A. O'Donnell, *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics*. Berkeley: Institute of International Studies, University of California, Berkeley, Politics of Modernization Series No. 9, 1973, 219 pp., $3.25.

RESEARCH on modernization and political change is in a period of reorientation. A common criticism of the concept of modernization holds that it is analytically confused and is a value-laden projection of an idealized image of the United States onto the rest of the world.[1] Critics have also questioned some previously accepted hypotheses about the relation between economic and social modernization and the emergence of more stable, democratic political systems.[2] The belief that modernization leads to greater equality and to an improvement of the human condition has not fared much better.[3] However, industriali-

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[1] Reinhard Bendix, "Tradition and Modernity Reconsidered," *Comparative Studies in Society and History*, IX (April 1967), 292-346; Joseph R. Gusfield, "Tradition and Modernity: Misplaced Polarities in the Study of Social Change," *American Journal of Sociology*, Vol. 72 (January 1967), 351-62; C. S. Whitaker, "A Dysrhythmic Process of Political Change," *World Politics*, XIX (January 1967), 190-217; Lloyd I. Rudolph and Susanne Hoeber Rudolph, *The Modernity of Tradition: Political Development in India* (Chicago: University of Chicago Press 1967); Robert Packenham, *Liberal America and the Third World: Political Development Ideas in Foreign Aid and Social Science* (Princeton: Princeton University Press 1973), chaps. 3 and 5; Dean C. Tipps, "Modernization Theory and the Comparative Study of Societies: A Critical Perspective," *Comparative Studies in Society and History*, XV (March 1973), 199-226. Although O'Donnell employs the term "modernization" as an overall label for the processes of economic and social change he analyzes, he focuses on clearly delimited empirical referents (see below) and explicitly dissociates his discussion from the normative biases associated with the term (p. 27).

[2] One of many examples of such criticism is found in Charles Tilly, "Reflections on the History of European State-Making," in Tilly, ed., *The Formation of National States in Western Europe* (Princeton: Princeton University Press 1975), 8-83.

[3] A recent discussion of the failure of conventional approaches to modernization to achieve these goals is found in Mahbub ul Haq, *The Poverty Curtain* (New York: Columbia University Press 1976).

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zation, urbanization, and the related processes often identified as aspects of modernization are occurring in much of the Third World. Many of the fundamental transformations taking place in these societies derive from the interaction between these processes and political change.

A valuable analysis of the linkages between political change and economic and social modernization appears in Guillermo O'Donnell's *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* and in his more recent essays.[4] These works contribute to our understanding of why—far from leading to democracy and greater equality—higher levels of industrial modernization in Latin America coincide with new and in some cases exceptionally harsh forms of authoritarian rule, as well as a heightening rather than a reduction of inequality—most strikingly in contemporary Argentina, Brazil, Chile, and Uruguay.[5]

O'Donnell's analysis has received wide attention in the work of other scholars and has raised issues of great normative and analytic importance.[6] The present article builds on the perspective gained since the

[4] O'Donnell, "Reflexiones sobre las tendencias generales de cambio en el Estado burocrático-autoritario" Documento CEDES/G.E. CLASCO/No. 1, Centro de Estudios de Estado y Sociedad (Buenos Aires 1975), English trans. in *Latin American Research Review*, XIII, No. 3 (1977); "Estado y alianzas en la Argentina, 1956–1976," *Desarrollo Económico*, XVI (January-March 1977), 523-54; "Corporatism and the Question of the State," in James M. Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh: University of Pittsburgh Press 1977), 47-88. See also O'Donnell, "Modernización y golpes militares: Teoría, comparación, y el caso Argentino," *Desarrollo Economico*, XII (October-December 1972), 519-66, English trans. in Abraham F. Lowenthal, ed., *Armies and Politics in Latin America* (New York: Holmes and Meier 1976).

O'Donnell's historical argument resembles that presented in a substantial literature on the "populist" and "post-populist" periods in Latin America, perhaps most importantly in the path-breaking work by Fernando Henrique Cardoso and Enzo Faletto, *Dependencia y desarrollo en America Latina* (Mexico City: Siglo Veintiuno Editores 1969). O'Donnell's innovations in relation to this broader literature include his presentation of a highly detailed and elaborately conceptualized political analysis; his attempt to organize the argument into systematic propositions; his attempt to move toward greater theoretical parsimony by devoting close attention to a small number of critical variables; and his elaborate critique of existing modernization theory and detailed discussion of how the types of comparative analysis commonly employed in tests of modernization theory must be modified if they are to deal meaningfully with the new theoretical perspectives emerging from the research on Latin America.

[5] In *Modernization*, O'Donnell explicitly restricts the analysis to South American countries (viii-ix); but in "Reflexiones" (fn. 4) he adds Mexico to the analysis (44-53), thereby implicitly broadening his framework to include all of Latin America. Following the emphasis of this more recent study, the present discussion treats his work as applying to Latin America as a whole.

[6] See Mario S. Broderson, "Sobre 'Modernización y Autoritarismo' y el estancamiento inflacionario argentino," *Desarrollo Economico*, XIII (October-December 1973), 591-605; Juan J. Linz, "Totalitarianism and Authoritarian Regimes," in Fred Greenstein and Nelson Polsby, eds., *Handbook of Political Science*, III, *Macro-Political Theory* (Reading, Mass.; Addison-Wesley 1975); Robert R. Kaufman, "Notes on the Definition, Genesis, and Consolidation of Bureaucratic-Authoritarian Regimes (unpub., Depart-

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publication of his initial book; it will summarize O'Donnell's analysis of modernization and political change, examine a series of problems posed by his analysis, and suggest how one might begin to resolve these problems.

The Basic Argument

O'Donnell first considers the problems posed by the thesis that economic and social modernization lead to democracy.[7] He suggests that the type of industrial modernization occurring in Latin America tends, in fact, to be associated with new forms of authoritarian rule. In order to analyze this pattern, he proposes a major refocusing of research on modernization and political change.

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ment of Political Science, Douglass College, 1975), and "Mexico and Latin American Authoritarianism," in José Luis Reyna and Richard S. Weinert, eds., *Authoritarianism in Mexico* (Philadelphia: Institute for the Study of Human Issues 1977), 193-232; Susan Kaufman Purcell, *The Mexican Profit-Sharing Decision: Politics in an Authoritarian Regime* (Berkeley and Los Angeles: University of California Press 1975), chap. 1; William C. Smith, "The Armed Forces and the Authoritarian-Bureaucratic State in Argentina," paper presented at the Inter-University Seminar on the Armed Forces and Society (Tempe, Arizona 1976); Kenneth P. Erickson and Patrick V. Peppe, "Dependent Capitalist Development, U.S. Foreign Policy, and Repression of the Working Class in Chile and Brazil," *Latin American Perspectives*, III, (Winter 1976), 19-44; Collier, "Timing of Economic Growth and Regime Characteristics in Latin America," *Comparative Politics*, VII (April 1975), 331-59, and *Squatters and Oligarchs: Authoritarian Rule and Policy Change in Peru* (Baltimore: The Johns Hopkins University Press 1976); James M. Malloy, "Authoritarianism and Corporatism in Latin America: The Modal Pattern," in Malloy (fn. 4), 3-19; David Collier and Ruth B. Collier, "Who Does What, to Whom, and How: Toward a Comparative Analysis of Latin American Corporatism," *ibid.*, 489-512; Silvio Duncan Baretta and Helen E. Douglass, "Authoritarianism and Corporatism in Latin America: A Review Essay," *ibid.*, 513-524; Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press 1978), chap. 3; and three papers presented at the meeting of the Working Group on the State and Public Policy of the Joint Committee on Latin America Studies (SSRC/ACLS) in February 1977: Albert O. Hirschman, "The Turn to Authoritarianism in Latin America and the Search for its Economic Determinants"; José Serra, "Three Mistaken Theses on the Connection between Industrialization and Authoritarian Regimes"; Robert R. Kaufman, "Industrial Change and Authoritarian Rule in South America: A Concrete Review of the Bureaucratic-Authoritarian Model." An example of the application of this perspective to East Asian politics can be found in Sungjoo Han, "Power, Dependency, and Representation in South Korea," paper presented at the Annual Meeting of the American Political Science Association (Washington, D.C. 1977).

[7] This thesis has, of course, played a central role in earlier research on political change. Within the large literature dealing with this relationship, three crucial initial studies are Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. 53 (March 1959), 69-105; James S. Coleman, "Conclusion: The Political Systems of the Developing Areas," in Gabriel A. Almond and James S. Coleman, eds., *The Politics of the Developing Areas* (Princeton: Princeton University Press 1960); and Phillips Cutright, "National Political Development: Measurement and Analysis," *American Sociological Review*, XXVII (April 1963), 253-64.

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NATIONAL POLITICAL CHANGE

O'Donnell's analysis of national political change can be summarized in terms of three distinct dimensions: regime, coalition, and policy. He implicitly focuses on the structure of the national political *regime* (including freedom of electoral competition, freedom of interest associations, and level of repression); the class and sectoral composition of the dominant political *coalition*; and certain crucial public *policies* (particularly as they relate to the distribution of resources among different classes and sectors of the economy). O'Donnell thus combines a concern for political structure with a concern for who governs and who benefits. From these three dimensions he derives a central distinction regarding whether the system is "incorporating" or "excluding"—whether it "purposely seeks to activate the popular sector [i.e., the working class and lower middle class] and to allow it some voice in national politics," or whether it deliberately excludes a previously activated popular sector from the national political arena (pp. 53 and 55).

O'Donnell identifies three recurring "constellations" (p. 68) in which different patterns of regime, coalition, and policy have appeared in Latin America. On the basis of these constellations, he describes three types of political systems that he sees as representing a historical sequence (Chapter 2).

1. *Oligarchic.*[8] The scope of political competition is limited. The elite of the primary-product export sector (based on minerals and agricultural products) dominates the state and orients public policy around its needs. Oligarchic systems are neither incorporating nor excluding, because the popular sector has not yet become politically activated (pp. 112 and 114).

2. *Populist.* Although there is considerable variation in the degree to which populist systems are competitive and democratic, they are clearly "incorporating." They are based on a multi-class coalition of urban-industrial interests, including industrial elites and the urban popular sector. Economic nationalism is a common feature of such systems. The state promotes the initial phase of industrialization, which is oriented around consumer goods. It does so both directly, through support for domestic industry, and indirectly, through encouraging the expansion of the domestic market for consumer goods by increasing the in-

[8] In *Modernization*, O'Donnell refers to these as "traditional" systems (112 and 114). However, this usage could lead to the incorrect conclusion that his analysis is oriented around the widely criticized distinction between tradition and modernity (see fn. 1). The expression "oligarchic" corresponds to the standard usage of Latin American scholars who refer to the period of the "oligarchic state." In "Corporatism (fn. 4), O'Donnell refers to the period of "oligarchic domination" (p. 66).

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come of the popular sector (p. 57). O'Donnell devotes particular attention to two widely discussed examples of populism—the governments of Vargas in Brazil (1930–1945 and 1950–1954) and of Perón in Argentina (1946–1955).

3. *Bureaucratic-authoritarian*. Central actors in these systems, which are "excluding" and emphatically non-democratic, include high-level technocrats—military and civilian, within and outside the state—working in close association with foreign capital. This new elite eliminates electoral competition and controls the political participation of the popular sector. Public policy is centrally concerned with promoting advanced industrialization. The cases of bureaucratic-authoritarianism considered by O'Donnell are the post-1964 period in Brazil, 1966–1970 and post-1976 Argentina, the post-1973 period in Chile and Uruguay, and contemporary Mexico.[9] Important examples from other regions include the late Franco period in Spain and the authoritarian systems that emerged in several Eastern European countries between the two World Wars.[10] O'Donnell emphasizes that bureaucratic-authoritarianism should not be confused with German and Italian Fascism, which he sees as a different political configuration that emerges in a different economic and social context.[11]

ECONOMIC AND SOCIAL CHANGE

O'Donnell attempts to explain the transitions from one system to another, particularly to bureaucratic-authoritarianism, and explores the dynamics of bureaucratic-authoritarianism. He argues that these political transformations derive from the social and political tensions produced by industrialization and by changes in social structure at both the elite and the mass level. He sees these socioeconomic changes as linked to the growth of the *absolute* size of the modern sector, rather than to the *per capita* level of modernization which was emphasized in many of the earlier comparative studies (pp. 16ff.).[12] The focus on absolute size locates large countries with low per capita levels of modernization —such as Brazil and Mexico—among the highly modernized countries of Latin America, and thus provides a new perspective for explaining their political evolution.

The dialectical interplay among three crucial aspects of socioeconomic modernization receives O'Donnell's particular attention. These aspects are: (1) industrialization, particularly the initial transition to the pro-

[9] *Modernization*, chaps. 2 and 3; "Reflexiones" (fn. 4), 6; "Estado y alianzas" (fn. 4), 1.
[10] *Modernization*, 92-93; "Reflexiones" (fn. 4), 51. [11] *Ibid.*, 50.
[12] For instance, all of the studies cited in fn. 7 use per capita indicators.

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duction of consumer goods and the subsequent "deepening" of industrialization to include production of intermediate and capital goods (pp. 37 ff. and chapter 2); (2) increased political activation of the popular sector (pp. 74 ff.); and (3) growth of "technocratic" occupational roles in public and private bureaucracies (pp. 79 ff.).

1. *Industrialization.* O'Donnell suggests that different phases of industrialization are linked to political change partly because they involve changing economic payoffs to different classes. The transition to the initial phase of production of consumer goods is associated with the transition from an oligarchic to a populist system. Domestically owned enterprises, often with the aid of substantial tariff protection and other forms of state subsidy, begin to produce for an existing local market that has previously been supplied by imported goods. Tariff protection reduces the pressure to be internationally competitive; the leeway enjoyed by economic and political elites regarding wage policy and other benefits to the workers may therefore be fairly large. This leeway, combined with the interest of industrialists in expanding working-class income in order to enlarge the domestic market for consumer goods, creates the opportunity for an "incorporating," populist coalition. In exchange for their political support, workers receive important material benefits and the regime's backing of labor unions. The position of industrialists in relation to the previously dominant export elite is thereby strengthened. From his initial examination of the emergence of populism in Argentina and Brazil, O'Donnell generalizes his findings by noting a broad tendency toward more open, competitive political systems at the intermediate level of industrial modernization in Latin America (pp. 113-14).

According to O'Donnell, bureaucratic-authoritarianism derives from a complex set of reactions to the problems that emerge with the completion of the consumer-goods phase of industrialization. Once the domestic market for simple manufactured products is satisfied, opportunities for industrial expansion become considerably more limited. In addition, the high cost of importing the intermediate goods and capital equipment needed for the production of consumer goods creates or increases deficits in the balance of payments, foreign indebtedness, and inflation. These problems lead to a zero-sum economic situation which undermines the multi-class character of the earlier coalition. At this point, policy-making elites commonly attempt to shift to more austere, "orthodox" developmental policies that de-emphasize distribution to the popular sector (see Figure 1). They seek a long-term solution in the "deepening" of industrialization through domestic manufacture of

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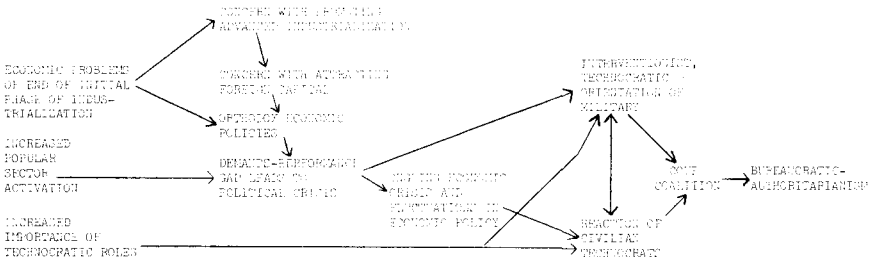
FIGURE 1



SELECTED ELEMENTS OF O'DONNELL'S ARGUMENT CONCERNING THE EMERGENCE OF BUREAUCRATIC-AUTHORITARIANISM

intermediate and capital goods. The levels of technology, managerial expertise, and capital needed to sustain growth in this phase require that the smaller, less efficient producers of the initial phase of industrialization be superseded by much larger, more efficient, highly capitalized enterprises—often the affiliates of multinational corporations. Concern with attracting this type of foreign investment also encourages the adoption of orthodox economic policies designed to deal with the economic crisis and to create conditions of long-term economic stability that meet the often exacting requirements imposed by multinational corporations and international lending agencies.[13]

2. *Activation of the popular sector.* The increasing political activation of the popular sector resulting from its growing numerical and economic importance complements the orientation of the populist coalition; in fact, it was encouraged through public policies supported by this coalition. However, the increasingly powerful popular sector is likely to challenge the orthodox economic policies that emerge after the completion of the first phase of industrialization. The result is a gap between demands and performance, widespread strikes, a stalemate of the party system, and a severe political and economic crisis (pp. 70 ff). The popular sector is in some cases strong enough to bring about a temporary return to the policies of the earlier populist period; therefore, populist and orthodox developmental policies may follow each other in rapid succession as the economic crisis continues.

3. *Technocratic roles.* Higher levels of social differentiation which accompany industrialization also greatly enlarge the role of technocrats in society—both in the private sector and in the civilian and military bureaucracies of the public sector. The technocrats have a low level of tolerance for the ongoing political and economic crisis; they perceive

[13] "Reflexiones" (fn. 4), passim.

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high levels of politicization of the popular sector as an obstacle to economic growth. The increased community of interests among the technocrats, and their growing frustration with existing political and economic conditions, encourages the emergence of a "coup coalition" that ultimately establishes a repressive "bureaucratic-authoritarian" system in order to end the political and economic crisis. Such a coalition may be reinforced by the appearance within the military of what has been called a "new professionalism," oriented toward active military intervention in political, economic, and social life.[14]

EMERGENCE AND EVOLUTION OF BUREAUCRATIC-AUTHORITARIANISM

O'Donnell argues that such crises have played a central role in the emergence of bureaucratic-authoritarianism in most of the advanced countries of Latin America: Brazil in 1964, Argentina in 1966 and 1976, and Chile and Uruguay in 1973. In addition, he identifies an alternative path to bureaucratic-authoritarianism, as exemplified by Mexico, where the end of the initial phase of industrialization occurred within the context of firmly established authoritarian control. The transition to bureaucratic-authoritarianism therefore took place with much greater continuity of political institutions.[15]

Bureaucratic-authoritarianism varies over time and across countries. The internal tensions produced by the effort to create political and economic conditions conducive to renewed foreign investment are an important source of these variations. A preoccupation with orienting industrial expansion around foreign and state investment leads to a "denationalization" of the coalition that supports the state, in that the principal economic "class" that sustains the state is foreign capital. Such denationalization becomes difficult to sustain over a period of time. Opposition eventually emerges from groups that may initially have supported the coup coalition—including national entrepreneurs and elements of the middle class—who suffer from the orthodox economic policies and from the emphasis on foreign investments. The result is pressure for a transformation from the coalitional "duo" (the state and foreign capital) to a "trio" in which national entrepreneurs once again play a larger role.[16]

The way this transition occurs, O'Donnell suggests, is crucial in influencing the success of these systems in their own terms; he cites the contrast between the post-1964 Brazilian experience and that of post-1966

[14] Alfred Stepan, "The New Professionalism of Internal Warfare and Military Role Expansion," in Stepan, ed., *Authoritarian Brazil: Origins, Policies, and Future* (New Haven: Yale University Press 1973), 46-63; see also *Modernization*, 154 ff.

[15] *Modernization*, 95, fn. 77; "Reflexiones" (fn. 4), 45 ff. [16] *Ibid.*, 31 ff.

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Argentina. Where the pre-coup crises are fairly intense and the new technocratic coalition perceives these crises as a major threat to the established order, as was the case in Brazil, the new coalition is more cohesive and better able to maintain political control in the face of internal pressures. An enlarged role for national entrepreneurs eventually emerges, but only after the long-term guarantee of political and economic stability has insured large infusions of foreign capital.

By contrast, the immediate pre-coup crisis was less severe in Argentina in the 1960's than in Brazil, and the perception of threat was more limited. Elite cohesion after the coup was consequently not sufficient to resist pressure from the popular sector and other groups within the society. The result was a collapse of bureaucratic-authoritarianism, a re-emergence of a populist-type coalition of disaffected groups, renewed economic and political crisis, and failure to sustain growth and attract foreign investment on a long-term basis.[17] The case of Chile suggests that levels of pre-coup crisis even higher than those experienced in Brazil may not further enhance the likelihood of success: the crisis was so intense, the economic disruption so severe, and the post-coup repression so violent that, for a substantial period, the government had difficulty in attracting foreign investment in spite of extreme economic orthodoxy.

With regard to other Latin American countries that may face crises of advanced industrialization, O'Donnell urges caution in assuming that earlier patterns will recur (pp. 110-11). First, the context of modernization for later modernizers within Latin America may be different. Second, special economic or political resources may be available, such as oil revenues in Venezuela or special patterns of party competition in Colombia. It may therefore be possible to avoid the political transformations that occurred in the countries that achieved advanced industrialization earlier. Third, through purposive political action, leaders may find alternative political solutions to the problems and crises of advanced industrialization. O'Donnell suggests that there is thus not just an "affinity" between industrial modernization and bureaucratic-authoritarianism but, borrowing a phrase from Weber, an "elective affinity" (pp. viii and 196).

Assessing the Argument

O'Donnell has sought to develop a new approach (pp. vii and 110) to analyzing the dramatic political transformations that have recently

[17] *Ibid.*, 36 ff.

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occurred in Latin America. He has succeeded, and his approach therefore deserves careful assessment.

CLASSIFICATION OF POLITICAL SYSTEMS

The categories in O'Donnell's classification can be employed in a generic way to refer to the broad topics he is studying. However, they serve poorly for comparative analysis. The definition of each category involves so many traits that similarities and differences that are crucial to understanding the cases he wishes to explain fail to come into sharp focus.[18] They become clearer if one disaggregates the concepts and looks separately at issues of regime, coalition, and policy.

For example, the broad concept of bureaucratic-authoritarianism fails to capture similarities and differences among the industrially more advanced countries of Latin America that are important to O'Donnell's analysis. The crucial role of the popular sector in supporting the contemporary Mexican system may make it misleading to classify Mexico as "excluding" and bureaucratic-authoritarian. The relationship between the state and the popular sector in Brazil may reasonably be described as involving "state corporatism"; in Chile and Uruguay, that relationship more nearly involves pure repression.[19] Electoral competition is severely limited in Brazil and Mexico, but the use of elections in these countries reflects an approach to the problem of legitimating authoritarian rule that is different from the one that exists in contemporary Chile or Uruguay. This use of elections also points to an element of similarity between Mexico and Brazil and the nonbureaucratic-authoritarian experience of Colombia and Venezuela, which have also recently gone through periods of semi-competitive elections.[20]

[18] The underlying problem with O'Donnell's classification may be summarized in terms of the traditional criteria for evaluating classifications, namely, whether the categories are collectively exhaustive and mutually exclusive. The categories are not collectively exhaustive. Many, if not most, of the periods during which well-defined patterns of regime, coalition, and policy have been established in different Latin American countries, do not fit exactly into any of the three categories as defined. In addition, at least coalition and policy, and in some cases also regime, are highly fluid in many periods. These cases also do not fit the categories. As defined, the categories appear to be mutually exclusive. But because each category has so many defining characteristics, few cases fit the categories exactly. Cases assigned to different categories therefore may not always differ in terms of all of the defining characteristics, and cases in the same category may not be similar in terms of important defining characteristics.

[19] With reference to Mexico, see Purcell (fn. 6), chap. 1. Regarding the other cases, see Ruth B. Collier and David Collier, "Inducements versus Constraints: Disaggregating 'Corporatism'," (unpub., Department of Political Science, Indiana University 1977).

[20] See Daniel Levine, "The Role of Political Learning in the Restoration and Consolidation of Democracy: Venezuela since 1958," and Alexander W. Wilde, "The Breakdown of Oligarchical Democracy in Colombia," both forthcoming in Juan J. Linz and Alfred Stepan, eds., *The Breakdown of Democratic Regimes* (Baltimore: The Johns Hopkins Press 1978).

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O'Donnell's categories may lead to an exaggeration of the degree to which the interrelated components of regime, policy, and coalition change with a bureaucratic-authoritarian coup. In Brazil in 1964 and in Argentina in 1966, important changes in regime helped bring into power political coalitions many elements of which had held power previously. These coalitions reinstituted many of the policies that had been tried before.[21] By contrast, a striking characteristic of Mexico is its capacity to undertake a major shift to the right in economic policy without a change in regime, as occurred after December 1976, following the inauguration of Lopez Portillo.

O'Donnell's use of the expression "bureaucratic-authoritarian" implies, but does not demonstrate, that systems so designated differ profoundly from all others in Latin American political history. But governments that have to varying degrees excluded a previously activated popular sector, pursued orthodox economic policies, held some degree of technocratic orientation, actively sought foreign capital, and, at least to some extent, promoted the production of intermediate and capital goods, have appeared at various levels of industrial modernization.[22] Fundamental differences may exist between the cases at lower levels of industrialization which have these traits and the more recent cases on which O'Donnell's analysis concentrates, but these differences do not come clearly into focus in the classification. In one version, O'Donnell adds to the definition the requirement that bureaucratic-authoritarian systems occur in the advanced phase of the "deepening" of industrialization.[23] Rather than resolve the difficulty, however, this

[21] O'Donnell refers briefly to these elements of continuity (64-65). For a detailed discussion of this type of continuity with respect to Argentina, see Benjamin Most, "Changing Authoritarian Systems: An Assessment of their Impact on Public Policies in Argentina, 1930–1970," Ph.D. diss. (Indiana University 1978), chap. 3.

[22] One of the contexts in which earlier exclusionary governments have appeared is in countries such as Peru and Bolivia, where the extraction or production of minerals and agricultural products for export has occurred in isolated "enclaves" of highly capitalized, mechanized, modern economic activity. The concentrations of workers in these enclaves produced a very early and intense political activation of organized labor that was a central element in major episodes of incorporating policies and populist-type coalitions. In turn, they set in motion ongoing cycles of incorporation and exclusion at a time when these countries were at relatively low levels of industrialization—indeed, much lower than one would expect on the basis of O'Donnell's discussion of populism. For a discussion of the enclave pattern in Peru, see Peter F. Klaren, *Modernization, Dislocation, and Aprismo: Origins of the Peruvian Aprista Party* (Austin: University of Texas Press 1973). I discuss the cycles of incorporation and exclusion in *Squatters and Oligarchs* (fn. 6). With reference to Bolivia, see Herbert S. Klein, *Parties and Political Change in Bolivia, 1880–1952* (Cambridge: Cambridge University Press 1969). For a discussion of the role of technocratic orientations and the concern with intermediate and capital-goods industries in what is generally considered to be a populist period in Brazil—the Vargas Government of 1930–1945—see Thomas Skidmore, *Politics in Brazil, 1930–1964: An Experiment in Democracy* (London: Oxford University Press 1967), chap. 1.

[23] "Reflexiones" (fn. 4), 6.

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makes his principal causal argument true by definition, and not subject to demonstration.

O'Donnell's description of populism also poses problems. Because his study is primarily concerned with explaining bureaucratic-authoritarianism, the discussion of populism should have two primary goals: first, to highlight the ways in which bureaucratic-authoritarianism is new and distinctive by contrasting it with an earlier type of system that is purportedly quite different; and second, to illuminate the origins of the "agenda of salient social problems and developmental bottlenecks" (p. 79) contributing to the emergence of bureaucratic-authoritarianism. Because the experience with populism has varied so greatly among countries, problems arise regarding both goals.

The contrast between populism and bureaucratic-authoritarianism is in some cases considerably less dramatic than O'Donnell implies. Populism does not necessarily involve a "broad coalition" with "no source of fundamental conflict" among its members (pp. 56 and 59); often, it rests upon a narrow, fragile, unstable coalition. In many cases, the popular sector and the industrial elites are not in the coalition at the same time.[24] "Incorporating" periods are commonly brief, and "excluding" periods often follow quickly.[25] In some instances, the initiative for the coalition has come from military or civilian technocrats identified with bureaucratic-authoritarianism in O'Donnell's classification. In others, such as that of Brazil, there has been a concern with promoting not just the production of consumer goods, but also of intermediate and capital goods, particularly those related to military security.[26] In many instances, it is not clear that the governing elites have made a conscious effort to extend benefits to the popular sector as a means of expanding the domestic market; and in at least one case the initial phase of industrialization coincided with a steady decline in the workers' incomes.[27]

[24] Eldon Kenworthy's "Did the 'New Industrialists' Play a Significant Role in the Formation of Perón's Coalition, 1943–46?" in Alberto Ciria and others, *New Perspectives on Modern Argentina* (Bloomington: Indiana University, Latin American Studies Working Papers, 1972), 15-28, raises serious questions about the role of industrialists in the original Peronist coalition. Another case in point is the split in the Liberal Party in Colombia in the 1930's and 1940's in opposition to populist "Revolución en Marcha." See John D. Martz, *Colombia: A Contemporary Political Survey* (Chapel Hill: University of North Carolina Press 1962), chap. 3; Robert H. Dix, *Colombia: The Political Dimensions of Change* (New Haven: Yale University Press 1967), chap. 4.

[25] The tendency for a rapid shift from incorporation to exclusion comes out clearly in the "enclave" cases noted in fn. 22.

[26] These themes emerge in the discussion of the first Vargas period in Skidmore (fn. 22), chap. 1. They also appear to be crucial elements in the orientation of a number of the officers who led the 1943 coup in Argentina which initially brought Perón into the government; see Robert Potash, *The Army and Politics in Argentina, 1928–1945* (Stanford: Stanford University Press 1969).

[27] For evidence of the decline in real wages in Mexico in the 1940's—a decade com-

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The cases O'Donnell classifies as populist and bureaucratic-authoritarian appear to be quite different, but the degree and nature of this difference should be objects of continuing analysis, rather than built into the definition of the principal concepts.

The diversity of "social problems and developmental bottlenecks" that is the legacy of populism is also notable. The pattern of industrialization presumably encouraged by populist governments—involving a subsidy of industry through the extraction of resources from the export sector—is seen by many analysts as leading to serious economic difficulties and as debilitating rather than strengthening the national economy.[28] Yet the degree to which this occurred has varied widely among countries. In Argentina, this pattern was followed closely, with a consequent weakening of principal sources of foreign exchange. It may be argued that in Mexico and Colombia a different pattern of sectoral clashes produced more nearly balanced growth.[29]

Political differences in the populist experience are also important. The intensity of populist episodes and the degree to which populist movements are tied to institutionalized political parties have major implications for control of the popular sector in later periods.[30] Such differences led to the emergence of a particularly well-developed system of control in Mexico and of a relatively weak system of control in Argentina. Other political differences are suggested by the experience of Colombia and Venezuela, where the polarization associated with populism became most intense in the 1940's. A period of harshly repressive authoritarian rule followed, after which the principal civilian political parties chose to limit party competition and thereby to avoid future polarization.[31] Colombia and Venezuela thus entered the 1960's having already experimented with norms for limiting the political expression of the popular sector within a democratic framework. Their experience with populism may therefore have put them twenty years "ahead" of

monly identified as a crucial early phase of industrial expansion—see James W. Wilkie, *The Mexican Revolution: Federal Expenditure and Social Change since 1910* (Berkeley and Los Angeles: University of California Press 1967), 187.

[28] For an overview of this issue, see Werner Baer, "Import-Substitution and Industrialization in Latin America: Experiences and Interpretations," *Latin American Research Review*, VII (Spring 1972), 95-122.

[29] See, for instance, Kaufman, in Reyna and Weinert (fn. 6). For an interesting discussion of the pattern of more nearly balanced growth in Colombia, see Carlos F. Diaz-Alejandro, *Foreign Trade Regimes and Economic Development: Colombia* (New York: National Bureau of Economic Research 1976).

[30] For a discussion of these issues, see Kaufman, in Reyna and Weinert (fn. 6); Mercelo Cavarozzi, "Populismos y 'partidos de clase media': Notas comparativas," Documento CEDES/G.E. CLACSO/No. 3, Centro de Estudios de Estado y Sociedad (Buenos Aires 1976).

[31] See Levine, Wilde (both fn. 20).

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Brazil, Uruguay, Argentina, and Chile; it is possible that the present period of harsh military rule in the latter four countries may likewise be followed, in the 1980's, by the establishment of some comparable "consociational" formula among the principal civilian parties.

In order to deal adequately with these variegated features of bureaucratic-authoritarianism and populism, it is essential to carry out much of the analysis at a disaggregated level. The issues of regime, coalition, and policy should be considered separately. One may find sharp discontinuities, gradual change, or no change at all in any one component. Disaggregation would not neglect the idea that these components appear in certain recurring constellations. Rather, the constellations could be treated as more variegated than the three-fold classification suggests. The use of this method in the comparative analysis of a number of cases would not require more information than is needed for O'Donnell's original categories. The information would simply be presented differently.

A disaggregated approach would, for example, obviate debates about whether contemporary Mexico really fits into the bureaucratic-authoritarian category. It would underscore both the similarities and the differences between Mexico and other "advanced" countries. It would focus on the way in which the transition in Argentina in 1966 differed from those in other countries. It would place Venezuela and Colombia in clearer perspective by facilitating an assessment of differences *and* similarities between them and the cases O'Donnell places in the bureaucratic-authoritarian category. It would also facilitate the analysis of the differences among the populist systems that have appeared in Latin America.

EXPLANATION

O'Donnell's central contribution is his attempt to explain why highly repressive, authoritarian governments have recently appeared in the most advanced countries of Latin America. Yet his explanation is in a preliminary phase of development, as he clearly emphasizes (p. viii). His complex argument links the emergence of such systems to industrialization and changes in social structure; it shows that in a general way, similar crises have occurred in the cases considered. There is, however, no systematic demonstration of the degree to which these changes in industry and social structure constitute a sufficient, or even a necessary, condition for the political transformations. O'Donnell does not account for striking differences in the timing of bureaucratic-authoritarianism in relation to industrial and social change.[32] And he does not provide

[32] For instance, the 1966 coup in Argentina came extremely late in relation to the

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a systematic analysis of what may be a series of additional necessary conditions for its emergence—such as the Cuban revolution, as well as changes in the international economic system that are external to Latin America.

Although O'Donnell argues forcefully that problems of foreign indebtedness, balance of payments, and inflation are the result of the end of the initial phase of industrialization, other explanations exist. In some cases, for instance Argentina, the end of the export boom that provided the resource base for the populist period may be a partial cause.[33]

Problems may also arise with the argument that bureaucratic-authoritarianism responds to the specific requirements of the "deepening" of industrialization to include the production of intermediate and capital goods. The transition to the production of consumer durables or to the export of manufactured goods may be equally significant. To the extent that these are important, a distinct set of arguments that are parallel to O'Donnell's analysis may be advanced regarding the need for changes in the scale of production, ownership of production capital, and distribution of income.[34]

Other supplementary, or possibly rival, explanations of bureaucratic-authoritarianism are political rather than economic. The argument concerning the varied legacy from the populist period of activation of the popular sector has already been mentioned. In addition, the major increases in public spending that often occur in populist periods may be an important cause of the crises that precede bureaucratic-authoritarianism. Albert Hirschman has suggested that populist leaders who promote these spending policies may be considered "victims of the delusions of economic invulnerability" encouraged by the rapid industrial expansion of the initial phase of industrialization.[35] This political explanation can also be formulated without reference to the idea of an initial, "easy" phase of industrial expansion. Where populism was triggered not by industrialization but by an export boom in primary prod-

completion of the consumer-goods phase of industrialization, whereas Uruguay is at a relatively low level of industrial modernization in terms of many of O'Donnell's own indicators of the absolute size of the modern sector—a level roughly comparable to that of Ecuador (chap. 1).

[33] Probably the most conspicuous example is the first Perón government in Argentina. For relevant data on export trends in Argentina, see Carlos Diaz-Alejandro, *Essays on the Economic History of the Argentine Republic* (New Haven: Yale University Press 1970).

[34] For an excellent discussion of some of these issues, see Kaufman, "Industrial Change and Authoritarian Rule in South America" (fn. 6).

[35] Hirschman, "The Political Economy of Import-Substituting Industrialization in Latin America," in Hirschman, ed., *A Bias for Hope* (New Haven: Yale University Press 1971), 100.

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ucts, this "delusion of economic invulnerability" may simply have been caused by the sharp increase in export revenues.

The argument about technocratic roles also requires scrutiny. Whereas O'Donnell's book emphasizes the causal importance of the technocratic roles themselves, one of his more recent analyses pays greater attention to the idea that the international business and financial community in important ways imposes the norms employed by technocrats in selecting developmental policies.[36] This new emphasis raises important questions: To what extent is the spread of technocratic roles important in itself, and to what extent are technocrats merely intermediaries who transmit a particular political and ideological definition of what is permitted and what is not permitted? Although O'Donnell's initial discussion of technocratic roles appears to involve an innovative treatment of a "micro" variable commonly used in North American theories of modernization, his subsequent analysis implicitly raises the question of whether these roles have any explanatory content apart from that which is situationally defined in a very immediate sense.

Three factors in the international system deserve more detailed attention: intervention by the United States, the Cuban revolution, and changes in foreign investment. It is not an innovation to suggest that these are important forces in Latin American political life; but O'Donnell has failed to incorporate them systematically in his argument about the interaction between industrialization and political change.

Intervention by the United States relates in part to the period immediately prior to the emergence of bureaucratic-authoritarianism. In Chile, Brazil, and Uruguay, radical populist or socialist movements attempted to shift the political system to the left, as a different means of dealing with the economic crisis. These attempts failed, and there is substantial evidence that the United States played a role in contributing to the failures. On a broader level, increasingly thorough documentation of U.S. intervention over the past several decades—both public and private, direct and indirect—reveals a sustained effort to weaken the left in a number of countries.[37] The degree of importance of U.S. intervention as a necessary condition, a "supportive" condition, or a condition of only marginal relevance for the failure of these moves to the left—and for the fact that some countries did not even attempt a move to the left—needs to be determined.

[36] "Reflexiones" (fn. 4), passim.

[37] For a valuable study that provides useful documentation of U.S. intervention over several decades in Chile and Brazil and uses elements of O'Donnell's analysis, see Kenneth P. Erickson and Patrick V. Peppe, "Dependent Capitalist Development, U.S. Foreign Policy, and Repression of the Working Class in Chile and Brazil," *Latin American Perspectives*, III (Winter 1976), 19-44.

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Indirectly, the Cuban revolution may have been an additional necessary condition for the emergence of bureaucratic-authoritarianism in Latin America. Although O'Donnell notes Cuba's impact on domestic coalitional patterns (p. 72), he does not explicitly analyze its causal importance. The short- and medium-term effects on countries adjacent to those where the most important revolutions in modern history have occurred have often been counterrevolutionary rather than revolutionary. Thus, the present period of right-wing military rule in Latin America may involve the working-out of the counterrevolutionary implications of the Cuban revolution in a regional setting where a "second Cuba" is unacceptable to the United States, as well as to the center and right within Latin American countries themselves. The reaction of the United States played a critical part, both through intensifying the intervention noted above and through its support for the new technocratic, interventionist orientation within the Latin American military.

The changing role of foreign capital in Latin American industrialization may have been as much a result of changes in international investment that were external to the region as of the internal requirements of industrialization. In the 1950's and 1960's, international capital sought new outlets for investment in the Third World. It was a period of major increases in foreign investment in a number of Latin American countries at a variety of levels of industrialization. External "pressure for new investment"[38] and other changes in the international economic system may have pushed industrial expansion in directions not determined by the internal characteristics of Latin American industrialization.

A final problem concerns the unity of the argument. As O'Donnell extends his analysis beyond Argentina and Brazil to include more countries and the recent evolution of the initial two, he adds further explanations to account for the additional cases; but he does not fully incorporate these new explanations into his larger model. As a result, the model has lost its unity, and O'Donnell has lost the advantage of the larger comparative perspective to gain further insights into Argentina and Brazil.

A Revised, Unified Argument

How can these multiple problems be resolved? Sorting out the economic, social, and political factors that produced the crises of the 1960's

[38] Cardoso and Faletto (fn. 4), 140-41. An important assessment of these various external factors that have shaped Latin American authoritarianism is currently being carried out through a collaborative research project supported by the Joint Committee of Latin American Studies (SSRC/ACLS) and directed by Richard Fagen of Stanford University.

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and 1970's will obviously require a great deal of additional research, involving both country studies and broader comparative analyses. In the meantime, some progress can be made in refining the argument by simply assuming the existence of a larger context of economic and political crisis and focusing on certain conditions that may have affected the intensity of the crisis and the political response to it in particular countries.

The problem regarding the unity of the argument in fact provides an opportunity to use O'Donnell's building blocks to construct a more unified model. The emergence of bureaucratic-authoritarianism and its initial consolidation can be treated in a single argument. Colombia, Venezuela, and Mexico are not special cases peripheral to the model. Rather, the explanations advanced to deal with these cases suggest additional necessary conditions for bureaucratic-authoritarianism—involving in part the variegated political and economic legacy of populism—not adequately identified in O'Donnell's original analysis. Once these elements are drawn together and the disaggregated approach proposed above is adopted, a more general argument begins to emerge that helps to explain multiple patterns of national political change in Latin America.

A first approximation of this argument might focus on three variables discussed above that appear to play an important role in affecting the intensity of the crises in each country and in shaping the political reaction to them: economic resources, strength of the popular sector, and perception of threat. Figure 2 summarizes this version of the argument. It should be emphasized that the classification of cases reflected in this figure is illustrative rather than definitive; the implied causal argument remains incomplete and at the stage of hypothesis. The argument may be organized into the following steps:

1. *Availability of diversified or special economic resources.* The special role of oil revenues in Venezuela, and the pattern of moderately balanced growth in Colombia and Mexico (which is in part an aspect of the *economic* legacy of the populism they experienced), appear to have led to more moderate gaps between demands and performance. The other four countries appear to have benefitted to a considerably smaller degree from diversified or alternative resources, and therefore to have had more severe gaps between demands and performance.

2. *Political strength of popular sector.*[39] The strength of the popular sector, which is an aspect of the *political* legacy of the type of populism

[39] The order of the first two variables in the text and the figure is not intended to imply that one is the result of the other. They may vary independently.

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experienced in each country, may have a crucial impact on whether the gap between demands and performance leads to severe crisis. In Venezuela, Colombia, and Brazil, the strength of the popular sector might be classified as moderate-to-low. The resulting level of political and economic crisis is more moderate, with differences among these three cases perhaps being due, at least in part, to differences in economic resources. In Argentina, Chile, and Uruguay, the combination of a strong popular sector and more limited resources led to particularly severe political and economic crises.

3. *Perception of threat.* The degree to which technocrats, members of the business community, and the middle class perceive the political and economic crisis as a threat to the existing economic and political order has a crucial impact on the formation of a new, technocratically oriented coalition; on the subsequent change in regime and policy; and on the extent to which the new coalition is able to sustain this change. In Venezuela, Colombia, and Mexico, the moderate-to-low perception of threat has led to shifts in economic policy, tightening of repression and political control, and efforts to sustain some form of agreement among the principal political parties to limit competition and polarization. So far, however, the military coups and other dramatic discontinuities in regime, coalition, and policy that have occurred in other countries have not occurred here.

The other case of moderate-to-low perception of threat is that of Argentina in 1966. Here, the political and economic crisis was sufficiently intense for the military to carry out a coup and to initiate a substantial change of regime. The low degree of immediate perception of threat and of elite cohesion, however, left the new coalition without sufficient unity to withstand extreme pressures from disaffected social sectors, particularly the powerful popular sector. The new coalition soon disintegrated, partly because of this "mismatch" between the underlying strength of the popular sector and the immediate perception of threat. Within the framework of the present discussion, Argentina has in a sense "returned to the start" (see Figure 2) after the failure of the post-1966 government (although she has obviously changed profoundly between the mid-1960's and the 1970's). Once again she had to face the problem of availability of resources as well as the issues that arise from having an extremely strong popular sector. In response to the severe political and economic crisis of the mid-1970's, however, Argentina has conformed to a pattern more similar to that of Chile and Uruguay. A high perception of threat was followed by a major change in regime and a shift to more extreme orthodox economic policies. Although in all

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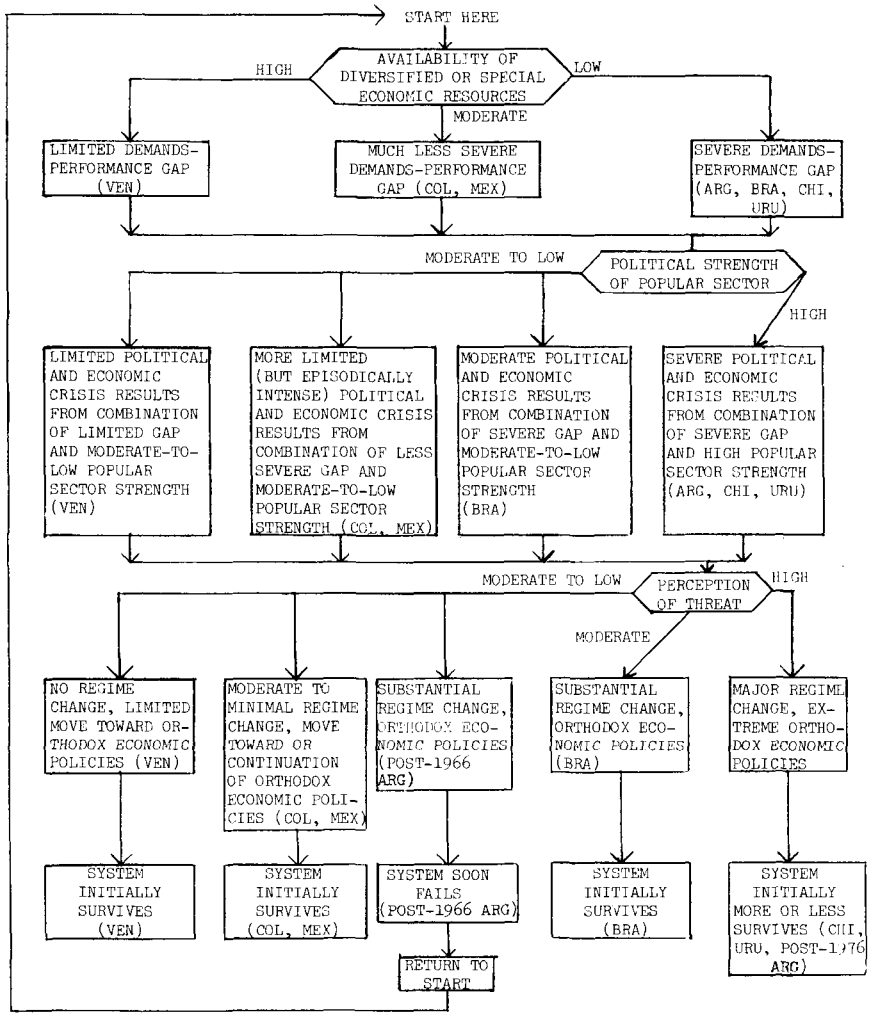
FIGURE 2



HYPOTHETICAL INTERACTION AMONG ECONOMIC RESOURCES, STRENGTH OF POPULAR SECTOR, AND PERCEPTION OF THREAT

three cases the coalition experienced severe internal and political strains, the high degree of perceived threat has so far made it possible to maintain the new systems.

Brazil may be roughly categorized as intermediate with regard to perception of threat. The dominant coalition faced a popular sector of only low-to-moderate strength, as opposed to the exceptionally strong popular sector in post-1966 Argentina. The new Brazilian system has

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therefore not only survived so far, but is more or less "successful" in its own terms.

Although the present governments in all seven countries have initially "survived," they are undergoing important changes. The answer to the obvious question, "what happens next?" is conditioned by many factors. Major differences in the size of the domestic market affect the capacity of these countries for continued industrial expansion, and hence their ability to sustain the pattern of regime, coalition, and policy that has emerged in each case. The size of the domestic market is most favorable in Brazil and Argentina; favorable in Mexico; less favorable in Chile, Colombia, and Venezuela; and least favorable in Uruguay. As in the earlier populist periods, current shifts in international commodity prices are also important. Rising oil prices have doubtlessly facilitated the continuation of a competitive regime in Venezuela; have been nearly neutral for Colombia and Mexico; and have created important economic problems—and hence pressure for a continuation of orthodox economic policies—in the remaining countries.[40] The rumored discovery of massive oil reserves in Mexico would, if realized, help that country to avoid the severe changes of regime experienced in the southern countries of Latin America; it might even contribute to a move away from orthodox economic policies.

Political changes are also important. The evolving political relationship among local capitalists, foreign capital, and the state has an important impact on coalition, policy, and regime patterns. Experimentation with different types of controlled elections and with a limited restoration of the party system may play an important role in attempts to legitimate authoritarian rule. In the long run, they might play a role in the search for a new political formula that could eventually lead to the restoration of some form of democracy. The experience of Colombia and Venezuela in the 1940's and 1950's—extreme polarization, followed by repressive military rule, followed in turn by a restoration of a type of democracy based on a formal or informal pact among civilian parties to limit future competition and polarization—may lie in the future of some of the countries that currently have the most repressive regimes. The presence or absence of creative political leadership may be a crucial factor in determining whether and when this pattern is followed in Argentina, Brazil, Chile, and Uruguay.

[40] For a partial summary of relevant data, see James W. Wilkie, ed., *Statistical Abstract of Latin America*, XVII (Latin American Center, University of California at Los Angeles 1976), 286.

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What is ultimately called for is not merely a model of authoritarian politics in Latin America, but rather a more general model of national political change. Given the current political patterns in the region, preoccupation with research on authoritarianism is appropriate. Yet it is essential that this preoccupation not lead to as one-sided a perspective on Latin America as scholarly preoccupation with democratization did a decade-and-a-half ago. The reality of Latin American politics appears to involve complex cycles in which periods of authoritarianism alternate with periods of greater political competitiveness and democratization.[41] A principal challenge to students of political change is to understand not only the conditions that lead to the collapse of democratic regimes, but also the conditions that lead to the collapse of authoritarian regimes. Ultimately, one would hope to develop a more complete explanation for this cycle.

[41] See Douglas A. Chalmers, "The Politicized State in Latin America," in Malloy (fn. 4), 23-45.

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SOVIET VIEWS OF "THE SCIENTIFIC-TECHNOLOGICAL REVOLUTION"

By ERIK P. HOFFMANN

Viktor G. Afanas'ev, *Nauchno-tekhnicheskaia revoliutsiia, upravlenie, obrazovanie*. Moscow: Politizdat, 1972, 432 pp. English translation by Robert Daglish, *The Scientific and Technological Revolution—Its Impact on Management and Education*. Moscow: Progress Publishers, 1975, 320 pp.

Chelovek—nauka—tekhnika. Moscow: Politizdat, 1973, 368 pp. Unattributed English translation, *Man, Science, Technology: A Marxist Analysis of the Scientific and Technological Revolution*. Moscow-Prague: Academia (Prague), 1973, 387 pp.

Piotr N. Fedoseev, *Dialektika sovremennoi epokhi* [Dialectics of the Contemporary Epoch]. Moscow: Politizdat, 1975, 576 pp.

Vladimir D. Kamaev, *Sovremennaia nauchno-tekhnicheskaia revoliutsiia: ekonomicheskie formy i zakonomernosti* [The Contemporary Scientific-Technological Revolution: Economic Forms and Laws of Development]. Moscow: Mysl', 1972, 264 pp.

Vladimir G. Marakhov, *Nauchno-tekhnicheskaia revoliutsiia i ee sotsial'nye posledstviia* [The Scientific-Technological Revolution and its Social Consequences]. Moscow: Vysshaia shkola, 1975, 144 pp.

Nikolai V. Markov, *Nauchno-tekhnicheskaia revoliutsiia: analiz, perspektivy, posledstviia*, 2d ed. [The Scientific-Technological Revolution: Analysis, Perspectives, Consequences]. Moscow: Politizdat, 1973, 240 pp.

Nauchno-tekhnicheskaia revoliutsiia i obshchestvo [The Scientific-Technological Revolution and Society]. Moscow: Mysl', 1973, 480 pp.

Nauchno-tekhnicheskaia revoliutsiia i preimushchestva sotsializma [The Scientific-Technological Revolution and the Advantages of Socialism]. Moscow: Mysl', 1975, 264 pp.

Nauchno-tekhnicheskaia revoliutsiia i sotsializm [The Scientific-Technological Revolution and Socialism]. Moscow: Politizdat, 1973, 368 pp.

Nauchno-tekhnicheskaia revoliutsiia i sotsial'nyi progress [The Scientific-Technological Revolution and Social Progress]. Moscow: Politizdat, 1972, 368 pp.

Partiia i sovremennaia nauchno-tekhnicheskaia revoliutsiia v SSSR [The Party and the Contemporary Scientific-Technological Revolution in the U.S.S.R.]. Moscow: Politizdat, 1974, 336 pp.

Ivan E. Rubtsov, *Nauchno-tekhnicheskii progress v usloviiakh razvitogo sotsialisticheskogo obshchestva* [Scientific-Technical Progress in Developed Socialist Society]. Moscow: Mysl', 1975, 248 pp.

THE books under review constitute the core of recent Soviet literature on "the scientific-technological revolution" (*nauchno-tekhnicheskaia revoliutsiia*) (NTR), and on the political, social, and economic contexts that shape and are shaped by the extraordinary

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scientific and technical advances since World War II. Of particular significance are the efforts by Soviet and East European social theorists to understand the role that science and technology are playing and can play in the transition to new forms of "developed socialism," and eventually to a "communist" society. Also notable are recent Soviet attempts to develop a theory of "the scientific management of society" (*nauchnoe upravlenie obshchestvom*) (NUO); to affirm the centrality of human choice and initiative in societal development; and to assess the positive and negative social consequences of scientific and technological change in socialist, capitalist, and Third-World countries.[1]

The major themes of the NTR literature are theoretically significant —in the tradition of Marxist thought, and in comparison to Western "postindustrial" theorists. The books examined analyze the reciprocal relationships among man, science, and technology; the preconditions and stimuli of scientific-technical, social, and economic change in different political systems; and the features that distinguish the contemporary NTR from the technical and industrial revolutions of the past, as well as from possible "new" scientific and technological revolutions in the future. These volumes also pay considerable attention to the changing modes and components of scientific, social, and managerial thought, to the importance of using new technologies for specific sociopolitical and economic purposes, and to the impact of the NTR on the social structure of different polities; they also examine the effects of the NTR on human capabilities and personality as well as on man's relationship to the environment. These and other Soviet works generally ignore some crucial questions concerning apparent discrepancies between the *theory* and the *actual development* or *experience* of the NTR in socialist

[1] In the first of a noteworthy series of bibliographical essays, the editors of *Voprosy filosofii* identify what they consider to be the most important recent Soviet studies of the NTR: "Sotsial'no-filosofskie problemy nauchno-tekhnicheskoi revoliutsii (issledovaniia 1971–1975 gg.)" [Social-Philosophical Problems of the Scientific-Technological Revolution (Research 1971–1975)], No. 2 (1976), 37-53. I examine, in the present and another review article, all of the books cited by the editors of *Voprosy filosofii* on two major topics: (1) the essential characteristics and significance of the contemporary NTR; and (2) current Soviet thinking on the NUO—that is, leadership and administration from Politburo-level societal guidance to the "rationalization" of economic planning and decision making, and to the stimulation of production and technical innovation in ministries, state committees, factories, and farms. See Hoffmann, "The 'Scientific Management' of Soviet Society," *Problems of Communism*, XXVI (May-June 1977), 59-67.

Unfortunately, few of the Soviet studies of the NTR and NUO have been translated into English. And in most of the translated works (especially *Man, Science, Technology: A Marxist Analysis of the Scientific and Technological Revolution*), there are intermittent deletions, additions, or free translations for the original Russian. All translations in this article are my own. Where English texts exist, I have double-checked the translations against the original wherever possible, and made any corrections necessary.

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countries, and the interrelationships—existing and desired—between socialist theory and practice. In short, Soviet and East European writings on the NTR explicitly and implicitly address themselves to fundamental and timely issues, and raise significant questions about the social and ideological functions of the theory of the NTR.

The serious literature on the NTR is a major evolving component of contemporary Marxism-Leninism, and these studies may be influencing or reflecting some of the changing policies and attitudes of communist political elites. The books under review make clear that the Soviet leadership has sanctioned a certain degree of ideological innovation, cognitive reorientation, and conceptual search. The authors do not always use key concepts in similar ways; they do not repetitively pose the same questions; and they certainly do not arrive at identical answers. Indeed, the major work, *Partiia i sovremennaia nauchno-tekhnicheskaia revoliutsiia v SSSR*, explicitly acknowledges the existence of diverse Soviet viewpoints on "the essence, content, basic trends, historical role, causes and consequences of the contemporary scientific-technological revolution" (pp. 8-9), and briefly contrasts some of the different current ideas. To be sure, Soviet works on the NTR do not overtly challenge traditional Soviet values and precepts. But they do attempt to rethink or "concretize" the interpretations, linkages, and uses of many central concepts and ideas under present-day conditions. As Julian Cooper correctly stresses, an ongoing debate is taking place among Soviet scholars on major issues concerning the NTR, and "one cannot yet speak of a single, generally accepted Soviet theory of the scientific and technical revolution and its social consequences."[2] Thus, a central fact about

[2] Cooper, "The Scientific and Technical Revolution in Soviet Theory," in Frederic Fleron, Jr., ed., *Technology and Communist Culture: The Socio-Cultural Impact of Technology under Socialism* (New York: Praeger 1977), 167. Despite important general areas of intellectual agreement among Soviet writers and fluctuating political constraints, Cooper's conclusion is even more pertinent when one considers the views of East European scholars. They often take issue with one another—and sometimes with their Soviet counterparts–on conceptual, as well as substantive, questions concerning the NTR. Most notably, see Radovan Richta and others, *Civilization at the Crossroads: Social and Human Implications of the Scientific and Technological Revolution* (White Plains, N.Y.: International Arts and Sciences Press 1969). *Nauchno-tekhnicheskaia revoliutsiia i sotsializm* is a revised Soviet-Czech version of this work.

The Soviet authors of *Partiia* present a rather clearly formulated theoretical point of view—one that has been developing for about two decades in the Institute of the History of the Natural Sciences and Technique (IIEiT). But the important Soviet-Czech collaborative works, *Chelovek—nauka—tekhnika* and *Nauchno-tekhnicheskaia revoliutsiia i sotsializm*, do not put forward fully consistent interpretations. Rather, each study is an amalgam, or juxtaposition of different viewpoints—at times offering creative synthesis, at others presenting what appears to be the lowest common denominator of agreement among the participating institutes (the Institute of Philosophy and IIEiT of the U.S.S.R. Academy of Sciences, and the Institute of Philosophy and Sociology of the Czech Academy of Sciences).

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the NTR literature is that Soviet and East European scholars and officials are posing and studying questions the answers to which are not presumed to be known beforehand.

I. Soviet Theories of "The Scientific-Technological Revolution"

Soviet theorists offer a wide range of views about the nature, or "essence," of the NTR. Virtually all Soviet writers agree that the NTR is a worldwide phenomenon, that it began in the U.S.S.R. in the mid-1950's (and somewhat earlier in the West), and that it has momentous and overwhelmingly favorable implications for the future of mankind. (It allegedly hastens the development of socialism *and* the fall of capitalism.) But some Soviet authors emphasize that the essence of the NTR lies in specific scientific or technical breakthroughs (such as the generation and use of new sources of energy and materials), the transfer to machines of certain functions of intellectual labor (such as logical and control operations), and the automation of the processes of production and management. Other theorists stress the changing nature of work, the greatly enhanced problem-solving capacities of socialist leaders, and the growing capability of socialist societies to shape their physical and economic environments (for instance, to improve the productivity of labor). Still other theorists direct attention to the broader social implications of advances in scientific and technical knowledge—their impact on human needs and aspirations, job satisfaction, leisure, interpersonal relations, education, the professions, demographic patterns, and on evolving attitudes toward nature and ecological questions. And still others insist that the NTR consists of three interrelated elements: the natural-scientific and technical, the socioeconomic, and the philosophical-ideological. The authors of *Chelovek—nauka—tekhnika* offer the following all-inclusive definition of the NTR:

> *The scientific-technological revolution is a radical* (korennoe) *transformation of science and technique, of their connections and social functions, leading to a universal revolution* (perevorotu) *in the structure and dynamics of the productive forces in the sense of a change in the role of man in the system of productive forces on the basis of the comprehensive technological application of science as a direct productive force, penetrating all components of production and remolding the physical conditions of human life.* In its essence, the scientific-technological revolution expresses the laws of development (*zakonomernosti*) of the epoch of transition from capitalism to communism, being subjected to them, and is an element of this global process in the sense that it establishes historically the material-technical preconditions for a communist society,

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and that it can only be fully realized and utilized under socialism (p. 352; p. 364 of translation—emphasis in originals).

The different approaches may well reflect deeper disagreements among socialist theorists. Hence, efforts to clarify key concepts are not merely academic exercises. Terminological disagreement (regarding words such as "science," "technology," or "revolution") is a clear sign of ideological development, and of the current lack of an official theory of the NTR. Some theorists subsume numerous empirical referents under the concept of the NTR and thereby reduce its analytical fruitfulness. Others fail to distinguish between new technical advances and the larger social and cognitive systems in which they must operate, and thus make less insightful contributions to Marxism-Leninism. And a few writers, for instance Fedoseev in *Dialektika sovremennoi epokhi*, infrequently refer to the NTR in their analysis of the contemporary era. Yet, in all of the books under examination, one can observe the creative —and competitive—processes of conceptual redefinition and search. To be sure, some Soviet and East European scholars, in pressing their own viewpoints, contend that terminological confusion impedes analysis and the exchange of ideas. But, significantly, most Soviet theorists criticize the *substance* of each other's interpretations, rather than their "deviance" from an *a priori* norm. And, despite many vicissitudes and lacunae, increasingly comprehensive theories of the NTR *are* emerging.

Scholars from Moscow's Institute of the History of the Natural Sciences and Technique (*Institut Istorii Estestvoznaniia i Tekhniki*) (IIEiT) are playing a key role in this development, and they make an important distinction between "technical," "production," and "social revolutions" (*Partiia*, 29-34 ff.). Not surprisingly, Soviet theorists consider the social revolution launched in October 1917 to have been the essential precondition for the creation of new "production relations" in Soviet Russia, and for the "progressive" use of the scientific discoveries and technical innovations of the 18th and 19th centuries (and earlier). However, the distinctions between "technical" and "production revolutions," and between "technique" (*tekhnika*) and "technology" (*tekhnologiia*), are more original elaborations of the ideas of Marx, Engels, Lenin, Bukharin, and others.[3] "Technique" refers to specific mechanical innovations and labor- and energy-saving devices, and the tools, know-how, and skills essential to their efficient use in

[3] On the historical development of Marxist and Soviet theories of scientific-technical and social change, and on the differences between the NTR and previous "technical" and "production revolutions" (e.g., the Industrial Revolution of the 18th and 19th centuries), see *Sovremennaia nauchno-tekhnicheskaia revoliutsiia—Istoricheskoe issledovanie* (2d ed., Moscow: Nauka 1970); also Cooper (fn. 2).

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accomplishing a specified goal; "technology" is a broader and less precise concept, which usually includes knowledge of the regularities of physical and social phenomena, the values and purposes to which scientific and technical instruments, methods, and capabilities can be effectively applied, and the social organization (for instance, division of labor, man/machine and authority relationships), as well as the scientific-technical bases of the processes of labor, production, and management (*Partiia*, 32-34; Markov, 108-29). A "technical revolution" is a major set of advances in technique; a "production revolution" is a cluster of significant changes in technology. According to the IIEiT theorists, the former may or may not lead to the latter. "History shows that a technical revolution can sometimes precede a social revolution, but a production revolution can begin only after a social and technical revolution" (*Partiia*, 34).

Analysis of this kind reflects an understanding that new technical hardware cannot simply be grafted onto the existing processes of labor, production, and management, but that these processes themselves must undergo considerable change in order to generate and assimilate the new machines, materials, and inventions produced by the technical revolution. Many Soviet theorists seem to be aware that technical breakthroughs can be effectively utilized only if adjustments are made in the larger social systems of which the new techniques are a part. For example, the installation of computers will surely not produce "revolutionary" changes in the forms and organization of production, or in administrative power relationships and decision-making practices, unless accompanied by changes in the content and flow of technical and social information (and probably also in bureaucratic attitudes toward information.)[4]

Some Soviet authors insist that the current and new styles of scientific thought and technological modes of production are having, and will continue to have, a tremendous effect on technical and social progress. Nikolai Markov asserts that "Technique is produced from technology, not vice versa. Technology is predominant in this relationship" (p. 124). This view supplements that of the IIEiT theorists, because Markov is apparently highly sensitive to the impact of the social relations of production on the scientific-technical and human productive forces of society (STR theorists and other Marxists usually stress the dominance of the productive forces in this "dialectical" relationship), and to the influences of social and political values on the *development*, not merely

[4] See Hoffmann, "Technology, Values, and Political Power in the Soviet Union: Do Computers Matter?" in Fleron (fn. 2), 397-436.

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on the *uses*, of technical innovations. He notes, for example, that techniques—implicitly, techniques of *capitalist* as well as of socialist origin—have a much greater impact on technologies in the U.S.S.R. today than they will have in the future (p. 124). Markov and V. G. Marakhov are among the handful of Soviet theorists who have begun to discuss the "limits" (*granitsyi*) of the contemporary NTR, its probable completion in "less than 100 years" (a few Soviet writers say 50 to 60 years), and the coming of a "new" NTR whose social impact in the 21st century will be vastly greater than that of the present-day NTR (see Markov, 38-40). Markov merely hints at the portentous social and political implications of the need for future NTRs and for technologies to exert greater influence and control over techniques in successive stages of the current NTR.

Nonetheless, Soviet theorists are keenly aware of the larger cultural contexts of scientific and technical progress, and of the importance of what they very broadly term "production relations." Serious scholars and ideologues alike are attempting to explain why the NTR creates great opportunities to speed the transition to communism in socialist societies, while simultaneously exacerbating the "antagonistic contradictions" and hastening the ultimate downfall of developed capitalist nations. The basic Soviet argument is that many scientific and technical advances are value-free, but that they perform social and political functions through the value-laden technologies in which they are embedded. The social institutions that adapt and utilize these technologies thereby impart purpose to techniques. In short, Soviet writers contend that the use of techniques (e.g., for corporate profit or the welfare of all) depends very heavily on the prevailing sociopolitical and economic relationships and values, and that the social consequences of different scientific, technical, and production innovations will vary considerably in different historical and cultural contexts (see Kamaev, 54-55; Marakhov, throughout).

Hence, while theorists of the NTR emphasize the need for "radical" change in certain cognitive processes and production relations, they affirm that, once a socialist "cultural revolution" has been set in motion, the dominant values and socioeconomic-political relationships are relatively impervious to retrogressive change. They contend that the NTR is bringing another production revolution to the U.S.S.R. By transferring more and more physical and mental work from men to machines and to automated systems of management and control, these changes will eventually create "fundamental social transformations in society" (*Partiia*, 44). Current developments are expected to spur the evolution

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of socialism to communism, because scientific-technical and economic accomplishments will accompany—indeed, be stimulated by—the strengthening of collectivist social norms and relationships. "It is possible to construct communism only by fully utilizing the opportunities the NTR presents to society—[and only by] *mastering the revolution itself and learning to manage it*" (*Nauchno-tekhnicheskaia revoliutsiia i sotsializm*, 61; emphases in original). In capitalist societies, on the other hand, the current NTR will allegedly not be able to run its full course before generating sufficient societal pressures for a socialist revolution, which in turn will make possible an eventual production revolution.

II. Theories of "The Scientific-Technological Revolution" and Broad Intellectual Issues Concerning Technology and Politics

Theories of the NTR address themselves to stimulating intellectual issues concerning technology and politics. The Soviet works under review emphasize the reciprocal relationships between technology and society. They also stress the primarily political character of technological development, and the need for purposeful planning and coordination of scientific-technical and social progress. Virtually all Soviet theorists insist that the interrelationships among science, technology, and production have important social and economic causes and consequences. One writer even asserts that "*the scientific and technological revolution is above all a socio-economic phenomenon*"; he criticizes "those who seek to reduce scientific and technological progress to industrial technology alone or to confine it to its technical and economic aspects."[5] But the same author quickly notes (and many other Soviet writers would agree) that "the current scientific and technological revolution in itself does not solve any pressing problems facing society. . . . on its own [the NTR] has no bearing on the solution of the question of the ownership of the means of production and *the distribution of material and cultural values*, including the achievements of science and engineering. These questions can only be tackled by a social revolution."[6]

These two passages take rather extreme and perhaps contradictory positions on some important issues. It is not certain whether the first statement is primarily normative or analytical, but the emphasis seems

[5] V. I. Kosolapov, *Mankind and the Year 2000* (Moscow: Progress Publishers 1976), 21; emphasis added.
[6] *Ibid.*, 27; emphasis added.

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to be clearly on the former. Scientific-technical and economic advances *must* be made to serve social purposes that are consciously determined by the Soviet political leaders, the major bureaucracies, and the public—through authority relationships loosely defined in theory, but well established in practice (e.g., "democratic centralism"). The second quotation, on the other hand, appears to make assertions of a primarily descriptive, rather than a normative, character. The fruits of the NTR are value-free or "ambivalent"; they can be and are being used for good or evil. This statement implicitly draws a sharp distinction between techniques and technologies, whereas the first blurs the distinction between the essence and the consequences of the NTR. The first seems to emphasize the value implications of technocratic thought and technological modes of production; the second clearly ignores them.

The most distinctive aspects of the Soviet theories, however, are the presumed *malleability* and *manageability* of the NTR, and the accompanying optimism about the capacity of socialist societies to make beneficial use of, and to be able to control and cope with, the social and political consequences of today's unprecedented international scientific and technological changes. Soviet theorists consider social progress at home and abroad to be an "objective necessity" which can be accelerated by "subjective" factors and the application of scientific-technical advances to "progressive" social goals. Here again, Soviet writers often operate chiefly in the realm of normative theory; but, because of their strong emphasis on the sociopolitical context in which technology is used, the theory's substance and tone are of intellectual interest. Nonetheless, Soviet theories of the NTR are in considerable need of creative elaboration and substantiation. All too often, Soviet writers merely assert rather than defend their views, or fall back on the Marxist-Leninist patristic texts which address themselves to the scientific-technical and social conditions of very different eras.

The official Soviet belief in progress does not preclude—indeed, it facilitates—the discussion of obstacles, problems, and pitfalls in the evolution of "developed socialism." The optimism inherent in Soviet theories of the NTR (e.g., the great opportunities for social progress) makes possible closer societal "self-examination" than might have occurred otherwise. Consequently, Soviet theorists—explicitly and implicitly—now incorporate in their studies references to the "new and complicated problems" of socialist societies, as well as the "many serious problems" of capitalist states.

For example, Soviet authors explicitly acknowledge that the NTR produces some negative physical consequences in both capitalist and

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socialist countries (e.g., exhaustion of fossil fuels, pollution of the environment, and ecological imbalances caused by industrial uses of oxygen and fresh water; see Marakhov, 131-32 ff.). More significant perhaps are the muffled Soviet warnings about the actual and potential development of *technocratic consciousness* among their own scientific, technical, and economic elites. Iurii Volkov declares: "In the course of the NTR, technocratic and bureaucratic tendencies can arise, [but] it is not fatally inevitable that they become stabilized. However, their neutralization should not be considered an easy or almost automatic matter. . . ."[7] Volkov is clearly concerned with the possibly harmful beliefs, attitudes, and values that the NTR can engender in the U.S.S.R.; like Markov and others, he focuses attention on the *processes* of management, production, and labor, and not merely on the *end products*, of the NTR. Many Soviet theorists and ideologists would almost certainly reject the view that the NTR can have no unintended or undesired effects on "the distribution of material and cultural values" (cf. the passage by Kosolapov cited in footnote 6).

In criticizing capitalist countries, some Soviet theorists may be providing clues to their apprehensions about the possible negative consequences of the NTR in socialist states. Especially because of the present official Soviet emphasis on the transfer of whole *systems* of technology from West to East, the following statement may be considered in this light:

> Capitalist society has not only created a highly developed machine system but complicated social mechanisms as well, which "grind" the individual as efficiently as machine production. As a consequence, a man does not control his machine tool—the machine tool controls him, that is, it dictates to him the nature and order of machine-like actions, and determines the speed and rhythm of the labor process. Moreover, he is the object of bureaucratic management at all levels.[8]

Moreover, Soviet analysts contend that automation and a higher degree of labor specialization inevitably produce increased alienation and "technological unemployment" in capitalist states. A few writers do acknowledge that, after extensive retraining and redistribution of manpower and a difficult period of adjustment of perhaps several decades, automated production systems in the U.S.S.R.—and the new kinds of specialized labor that will accompany them—will greatly enhance labor

[7] "The System of Power and Democratic Institutions," *Social Sciences* (Moscow), VI, No. 3 (1975), 122.

[8] G. N. Volkov, *Man and the Challenge of Technology* (Moscow: Novosti 1972), 11.

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productivity, creative work, job satisfaction, leisure time for constructive pursuits, and overall self-fulfillment.[9]

What is the explanation for the very different social and political consequences of automation in different societies? The official Soviet answer strongly reaffirms the dominant role of "production relations" and the "class content" of various technologies (but not techniques). Some contemporary Soviet theorists, however, seem to suggest that the newest imported techniques and technologies might be producing more similar crossnational effects than Party leaders desire, and that careful selection, installation, and monitoring of new production and organizational technologies may be essential to preserve the fundamentals of current Soviet political-institutional and socioeconomic relationships. These writers stress that the "modernization" of existing relationships and "social development" must be conceptualized in terms of directing or controlling, rather than being mastered by, the NTR.

At bottom, Soviet theorists make a general but important assertion—namely, that scientific, technical, and social progress are not inevitable, or easily achieved, in socialist countries, but that only a classless society under the leadership of the Party and under "public control" possesses the capacity to "make full use of the positive aspects of the scientific and technical revolution for the benefit of man and [to] neutralize its possible negative consequences."[10] For the serious theorist, the linkages between scientific-technical and social development are important components of the image of "developed socialism" that he is trying to conceptualize, interpret, and prescribe more clearly. For the ideologue, these linkages are axiomatic. One consequence is that Soviet analysts categorically insist that political and organizational factors are and should be the crucial determinants of the development of the NTR in *any* society. They also strongly affirm the desirability and effectiveness of organizational control over the use of technical advances (native and imported); efforts to produce a contemporary theory of "scientific" societal management (NUO) constitute a notable part of the NTR literature.[11]

But Soviet theorists pay remarkably little attention to the values that may be *inherent in* or closely associated with the effective use of specific techniques for the purposes for which they were designed (especially complex machines, but also systems and processes). They also place

[9] See *USSR: Scientific and Technical Revolution* (Moscow: Novosti 1973), 36-40 (chapter by G. N. Volkov).

[10] *Ibid.*, 37.

[11] See Hoffmann (fn. 1).

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little emphasis on the different political, economic, and social contexts in which new techniques and technologies are *generated*. Rather than viewing international exchanges of technology as a form of cultural diffusion, most Soviet theorists postulate analytical distinctions between the objective and subjective components of technologies, their form and content, and their direct and indirect effects on society.[12] For example, one Soviet writer contends that some technical innovations increase labor productivity indirectly through changes in production relations, whereas other techniques have a direct effect on the process and content of labor "relatively independent of socio-economic relations—one and the same assembly line calls for highly specialized, mechanical operations, no matter whether it is installed in a Detroit plant or a plant in Sverdlovsk."[13]

Soviet theorists and officials are well aware that the NTR is developing most rapidly in the United States, Western Europe, and Japan; they acknowledge, sometimes grudgingly, that Western technology and methods of management can be quite useful in developing and exploiting "the advantages of the socialist economic system." But Soviet writers predict very confidently—and perhaps uncritically—that the new technical advances and modes of production will strengthen, rather than undermine or significantly alter, the fundamental political, economic, and social features of the present system. Throughout the NTR literature there exists considerable confidence (or simply the tacit assumption) that imported and indigenous technological innovations can and will serve only those purposes that the Party and state leaders deem to be in the best interests of the Soviet people. Whether or not this belief is accurate, it is intellectually interesting for its emphasis on the "neutrality" of techniques and their capacity to perform similar functions, in contrast to their diverse social and economic effects, in different sociopolitical systems.

Soviet writers are quick to emphasize the different sociopsychological consequences of technological progress in capitalist, socialist, and developing countries. But it is apparently not politically acceptable even to imply that the objective/subjective, form/content, direct/indirect, and technique/technology dichotomies are themselves highly subjective and value-laden. Also, it is one thing to postulate the existence of value-free and value-laden components of modern industrial technology, processes, and systems; but it is quite another to identify these alleg-

[12] For elaboration of these themes, see Fleron (fn. 2), esp. the editor's introductory and concluding chapters.

[13] Volkov (fn. 8), 37-38.

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edly separate components and to analyze their interrelationships in specific areas in the present and in the future. Ironically, these aspects of Soviet theory are reminiscent of the controversial Western positivist distinction between "facts" and "values," suggesting that Soviet writers may be employing a distinctly Western mode of thought to deny the existence of undue Western influences. And it is fairly obvious that these neat Soviet theoretical distinctions conveniently serve current sociopolitical and ideological functions, such as the justification for the growing importation of sophisticated technology from the West. Almost all of the books under review state or assume that scientific and technical advances can be transferred with relative ease among states with different social systems. But they insist—with varying degrees of ardor and persuasiveness—that the end uses and effects of scientific and technological developments are dominantly influenced by the much larger set of sociopolitical relations and values that vary greatly from country to country.

B. M. Kedrov (senior member of the U.S.S.R. Academy of Sciences), S. R. Mikulinskii (current director of IIEiT), and I. T. Frolov (former editor-in-chief of *Voprosy filosofii*) declare: "The scientific-technological revolution does not develop in a 'social vacuum,' and, in turn, exerts a powerful influence on the development of the existing social relations" (*Nauchno-tekhnicheskaia revoliutsiia i sotsial'nyi progress*, 37). As we have seen, the widespread Soviet acceptance of these general ideas and concepts invites, rather than forecloses, analysis and debate. Broad assumptions such as these can lead socialist and nonsocialist theorists in many different directions, particularly in analyzing the possible relationships between social and political ends and means and the actual functions performed by a changing ideology.

III. Theory and Experience: Social and Ideological Functions of Soviet Views of "The Scientific-Technological Revolution"

How are Soviet theory and practice interrelated, and how do Soviet political leaders and social theorists think they *should* interact? What are the key domestic political, organizational, and socioeconomic factors that shape the content and uses of the theory and the actual development of the NTR in the Soviet Union (to the extent that an NTR is really taking place)? How and why do these factors influence the ideas, perceptions, beliefs, and actions of the Soviet bureaucratic and scientific-educational elites? To what extent are internal developments affected by external forces, such as the rapidly changing international political,

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economic, military, and scientific-technical environments? What does the pronouncement that "science is becoming a direct productive force" really signify, and what are its theoretical and practical implications? Here, as elsewhere, there is room for constructive debate and "creative" development of Marxism-Leninism; there is also considerable confusion and competition in the U.S.S.R. concerning the social and ideological effects of theories of the NTR.

An important case in point is the "historic" task set forth by Leonid Brezhnev at the 24th Party Congress in 1971, "*to combine organically the achievements of the scientific-technological revolution with the advantages of the socialist economic system*, and to develop more broadly our own, intrinsically socialist, forms of combining science with production."[14] This appeal is frequently reiterated, but is challenging to interpret. How does one combine new techniques and discoveries organically with existing modes of production? What is one advocating when one calls for the organic fusion of science and technology, and fundamental changes in their interrelationships? If, as seems clear, these are instrumental values, the question immediately arises, "organic combination for what?" The basic Soviet answer is, "to achieve 'developed socialism.'" But this response only raises further questions about the nature of developed socialism. What should a more fully developed socialist society look like (given the present official and actual elite values)? What can developed socialism be, or what is it likely to be (considering scientific-technical, economic, social, and international constraints and trends)? And how might forecasting and "prognostics" affect the conceptualization of these goals and patterns, and of the Soviet leadership's role in directing society toward the achievement of elite-defined national aims?

Brezhnev's major declaration would seem to be a call for Soviet theorists to develop fresh ideas about desirable and possible syntheses between modern technology and the fundamental characteristics of the Soviet system. Of course, the final decisions on which characteristics are fundamental, and which kinds of change are acceptable or necessary, are important political choices to be made by the highest Party leadership. But many top Soviet leaders understand clearly that Party, state, and economic officials must adapt old principles—such as centralized economic and social planning and "democratic centralism"—to rapidly changing scientific-technical conditions. That is, most members of the Politburo and Secretariat apparently believe that attitudinal and administrative changes are necessary in order to create and take ad-

[14] *Materialy XXIV s'ezda KPSS* (Moscow: Politizdat 1971), 57; emphasis in original.

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vantage of new opportunities for economic and social progress, as well as to forestall new problems associated with the complexities and interdependencies of the NTR and with the possibility of an increasingly unfavorable competitive position vis-à-vis the highly industrialized Western countries. The idea is to modify and update traditional Soviet practices and precepts in the hope of contributing to and benefiting from the worldwide NTR; it is expected that the NTR will be integrated with the essential elements of the present Soviet system and will transform that system incrementally, increasing its capacity to attain still higher forms of material and "spiritual" well-being. To this end, Brezhnev and other Party leaders seem to be urging Soviet theorists and officials to reconsider the meaning of certain Marxist-Leninist concepts and ideas, and to identify the possible implications of a few newly agreed-upon principles in light of the present and anticipated future characteristics of the NTR.

Current Soviet leaders are encouraging social and economic theorists to assess the desirability and feasibility of some medium- and long-range goals and priorities, and of alternative ways of selecting and implementing them more effectively and efficiently. They are asking theorists and officials to impart new content to both old and new ideological precepts. They expect the theorists not only to analyze and forecast the linkages between scientific-technical advances and the transition to developed socialism, but also to contribute to an understanding of what the goal itself is—that is, to conceptualize what "developed socialism" ought to be and can be, and how best to work toward attaining it under increasingly complex, dynamic, uncertain, transnational political-economic and scientific-technical conditions.

Soviet theorists and ranking officials have responded to this challenge in countless books and articles, most notably in the works under review. In a sense, these authors are unobtrusive participants in a restrained re-examination of Soviet national goals and different ways of creating alternative futures. Other writers, more cautious or less imaginative, primarily apply general principles to specific cases and changing contexts. And still others merely engage in popularization. But many of the questions they all raise are theoretically significant, and most of the answers—whether or not they are of intellectual interest—may be performing diverse social and ideological functions.

The following Soviet assertions provide an example that concerns the national policy-making process and the relationship between knowledge and power:

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> . . . the action of the objective laws of history is inseparably linked with the *goals* that people (classes and social groups) set for themselves and strive for, and with the *means* they employ to pursue these goals. . . .
>
> The present scientific-technological revolution makes possible further improvements in *the methods of formulating the goals of social activity*, primarily by creating the conditions for increasing the information potential of society. Comprehensive investigation of production and social processes, and the processing of large amounts of information, are absolutely necessary *before* actions are taken. *The very act of decision-making regarding social goals is a research process*, which is effective to the extent that it conforms to the demands of a scientific approach. . . .
>
> The difficulties involved in social management consist primarily in the fact that one has to solve not only given tasks and to secure the implementation of the goals set, but also *continuously to work out new tasks and set new goals in the course of social development.* From this viewpoint man as the subject of management cannot be replaced (*Chelovek—nauka—tekhnika*, 322, 192; 334-35, 204 of translation; emphases added).

Such statements are unusual in the Soviet literature on the NTR and NUO, for they clearly imply that certain public policies must be shaped and reshaped by the vast quantities of new information generated by, and essential to the purposeful management of, the NTR and its social effects. That is, some Soviet authors recognize that national goals can no longer be established by analytical means alone, and that, by bringing more and better information into the processes of decision making, *the goals themselves may be reformulated.*[15] Allegedly, the entire system of social relations and human motivations will undergo a gradual but significant transformation—not in response to any growth or technological imperatives, but in accord with the planned use of scientific-technical advances to reconceptualize and to carry out progressive social and economic aims. "*The dialectical interaction between goals and means is manifesting itself especially clearly at the present time. . . . The spurious alternative of the 'technical' and 'value' content of social goals must be totally rejected. . . .* Socialism demonstrates the possibility and feasibility of establishing an organically combined program of social and scientific-technological progress" (*Chelovek—nauka—tekhnika*, 324-25; 336-37 of translation; emphasis added).

A more common theme in Soviet writings is that numerous types of information must be used more expeditiously to implement existing policies, and that decision-making and organizational methods must

[15] See, for instance, the above quote from *Chelovek—nauka—tekhnika*; also A. S. Akhiezer, *Nauchno-tekhnicheskaia revoliutsiia i nekotorye sotsial 'nye problemy proizvodstva i upravleniia* [The Scientific-Technological Revolution and Some Social Problems of Production and Management] (Moscow; Nauka 1974).

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be adjusted in response to unanticipated policy outcomes and new opportunities. Soviet social and economic theorists insist that political leaders need tremendous amounts of information about the functioning of the system (e.g., information about the likely consequences of current policies) in order to manage, utilize, and spur the development of "objective social laws" and "progressive trends." This approach is based on technically competent administration of central directives and greater productivity, rather than on a broadening of participation in or increased discussion about "the politics of principles." This theme does not need further elaboration here.[16] The point is simply that there are various Soviet viewpoints about the uses of information in policy making, and that these ideas may reflect, or influence, the changing beliefs and attitudes of Soviet leaders on some fundamental questions.

In assessing the social and ideological functions of theories concerning the NTR, one must consider the role that these ideas may be playing in contemporary Soviet and East European politics. Clearly, there are serious current efforts to explain new realities in new ideological terms and to infuse new meaning into some old principles. Both are forms of ideological adjustment—in some cases ideological innovation, in others "new wine in old bottles." But are Soviet theorists developing "grand" (or "pure") ideology, "operative" (or "practical") ideology, or both?[17] Are theories of the NTR contributing to the preservation of the status quo, the adjustment of national policies and policy-making procedures, or the transformation of fundamental characteristics of the Soviet system? Is the primary intent and effect of these efforts post facto rationalization (of the status quo or of change); or are new conceptualizations of the NTR entering significantly into the "operative" ideology of Soviet leaders (and perhaps into "grand" ideology, too), thus reinforcing or reshaping the officials' political motivations, calculations, and perceptions of situations and options, and truly serving as "a guide to action"? Soviet theorists of the NTR seem to be pursuing a variety of aims, and their ideas are helping to perform both functions—post facto justification and the formulation of new courses of action. The formulation of new policies and policy-making procedures (to promote some changes and to forestall others) probably is the more important function and will continue to be so for some time.

[16] See fn. 1.

[17] On the role of ideology in politics—especially communist politics—see, for instance, Martin Seliger, *Ideology and Politics* (New York: Free Press 1976); Franz Schurmann, *Ideology and Organization in Communist China* (2d ed., Berkeley: University of California Press 1971); Alfred Meyer, "The Functions of Ideology in the Soviet Political System," *Soviet Studies*, XVII (January 1966), 273-85; David Joravsky, "Soviet Ideology," *Soviet Studies*, XVIII (July 1966), 2-19.

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To be sure, Soviet ideologists are clearly using the theoretical distinctions between objective and subjective factors, form and content, direct and indirect influences, and technique and technology to justify the increasing importation of advanced technology from the West, to explain the growing international economic interdependence, and to deny any possible sociopolitical influence of capitalist technical rationality (e.g., conceptions of efficiency) on the values of the Soviet political, scientific, and technical elites. Some observers might conclude that the Brezhnev administration is thereby rationalizing to itself, the Soviet population, and the world the increasingly ominous shortcomings of Soviet science-technology-production relationships, economic incentives, productivity of labor, manpower reserves, and methods of management (for instance, the organization and utilization of basic scientific research) relative to the performance of Western nations under present and likely future conditions. Less charitably, some critics might suggest that the Soviet rhetoric about the NTR is primarily intended to obscure the fact that no NTR is in fact taking place or is likely to take place in the U.S.S.R., even with the aid of Western technology, credits, and trade.

Moreover, the present Soviet leadership appears to encourage theorizing about the NTR while at the same time seeking to preserve existing industrial and agricultural institutional structures. Western analysts might deduce that these theories are chiefly intended to legitimize institutional arrangements which in fact *impede* scientific and technological progress in the U.S.S.R. This may be the case, but surely the Soviet leadership does not wish to retard scientific-technical and economic development. Theories of the NTR and NUO may indeed be helping to misguide or delude Soviet leaders and may be supporting or strengthening their beliefs that economic and technical development can be achieved through present institutional and social structures, with some assistance from Western technology (for instance, the improvement of centralized economic planning and the automation of production through the use of sophisticated computers). If that is true, it suggests that Soviet conceptualizations of the NTR are not merely post facto justifications, but have begun to permeate the operational ideology and political belief systems of some, and perhaps many, Party and state officials.

Indeed, ideas about the NTR may at the present time increasingly be serving as a guide to action in the U.S.S.R. Soviet political leaders are not merely trying to rationalize shortcomings or to deny the existence of problems; they are trying to understand, anticipate, and resolve

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problems. Leading Party and state officials are attempting to formulate and implement effective policies in science and economics (in conjunction with political goals and possibly conflicting aims in other issue areas). Top Soviet leaders are also endeavoring to prevent the infusion of capitalist values; to encourage the adoption of certain Western attitudes and beliefs (for instance, regarding productivity); and to motivate Soviet officials and workers (that is, by establishing sanctions and rewards) to overcome scientific, technical, economic, and administrative constraints on the development of the NTR. In particular, they want them to "combine" the achievements of Western science and technology with "the advantages of the socialist economic system." The fact that the Soviet leadership is pursuing this goal cautiously and in ways that most Western observers deem ineffective does not mean that Soviet ideas about scientific and technical change are merely being used for post facto justification. On the contrary, differing views of Soviet leaders about the NTR appear to be shaping or reinforcing diverse prescriptions about political goals and means.

For example, some of the very highest Soviet leaders (e.g., Alexei Kosygin) want to take firm action to reduce organizational "irrationalities," to "optimize" economic decision-making and administrative procedures, and, implicitly, to adjust some present-day Party and state structures and relationships. Others (e.g., Leonid Brezhnev) think that the infusion of Western technology and methods of production and management—including some Western attitudes and beliefs, but not values—are essential to Soviet economic and technological development. Brezhnev seems to believe that new modes of economic and managerial thought can be effectively utilized, and changes in organizational behavior can take place within the *existing* political and economic institutions. Still others (e.g., Mikhail Suslov) appear to be much less enthusiastic about organizational innovations and the importation of Western technology, and are apprehensive about the political, administrative, social, cultural, and international consequences.

However, the social functions of ideas can undergo significant changes over time; that is clearly what happened to the democratic and populist aspects of communist ideology, which in the years immediately before and after the October 1917 revolution competed for recognition and adoption as Party policy, and were later used to create and legitimize the highly authoritarian Stalinist forms of government.[18] Likewise, the purposes and consequences of theories of the NTR have

[18] See Barrington Moore, Jr., *Soviet Politics—The Dilemma of Power: The Role of Ideas in Social Change* (New York: Harper & Row 1965).

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already undergone changes since the introduction of the concept in the mid-1950's, and future changes in its functions are possible. In 1957, Nikita Khrushchev encouraged the use of the term "NTR" to help justify major institutional reforms (such as the dismantling of many national ministries and the establishment of regional economic councils) and efforts to increase the role of the Party in regional economic planning and management. Rhetoric about the NTR was also employed in the 1960's in conjunction with the establishment of the State Committee on Science and Technology and its predecessor organizations.

Quite possibly, the greatly increased official use of the concept of the NTR in the late 1960's constituted an attempt to formulate and mobilize bureaucratic and public support for the major decisions of 1969–1970: to pursue détente and substantially to increase East-West trade, foreign credits, industrial cooperation agreements, and the importation of Western technology. It is also possible that theories of the NTR are today influencing Soviet leaders in a much more conservative way, and that Party officials are consciously manipulating these concepts and ideas primarily to legitimize previous decisions, rather than to initiate or promote changes of any significance.

But the important point is that theories of the NTR can rationalize the preservation of the status quo or "operatively" contribute to it; or they can rationalize or promote various kinds and degrees of change. That is, ideas about the NTR can serve a very conservative end in a rapidly changing environment (by helping to justify or to devise means of preserving essential elements of the present political system), *or* they can help to produce new attitudes and behavior among the Soviet elites and legitimize sociopolitical, scientific-technical, and institutional change. According to these theories, the pace and nature of the worldwide NTR make "radical" or "revolutionary" transformations in many areas of Soviet life possible and even necessary. If a current or future group of Soviet leaders wishes to initiate significant policy or institutional innovations, it has at hand much of the language and many of the ideas to convince itself and to explain to others why certain changes (especially incremental ones) are necessary, feasible, and desirable.

The basic concepts and broad outlines of the NTR theories are sufficiently well developed (and official support for these general ideas has been so strong under Khrushchev and especially Brezhnev) that future leaders who might want to dispose of the NTR rhetoric and literature would be faced with a rather difficult problem. The concept of the NTR could of course be relegated to grand ideology or quietly dropped. But the content and history of this quasi-theory (to say noth-

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ing of the rapid development of the NTR in capitalist countries) form a kind of pressure for ongoing ideological innovation of the "guide to action" and post facto rationalization varieties.

In contrast to the fate of the utopian communist "goal culture" of the early Bolsheviks, there does not seem to be anything irreversible about a possible trend toward more justificatory uses of theories of the NTR. That is, the balance between the perceptual and rationalizing ideological functions of the concept of the NTR—which links an "ideology of ends" and an "ideology of means" much more closely than did its Bolshevik predecessor—would seem likely to vary depending upon the circumstances. Indeed, a future "collective leadership" might initiate and carry out major changes in Soviet politics with theorists of the NTR playing a predominantly propagandistic or apologetic role. It is the proclivity of leadership groups everywhere to find their own experts, their own theorists, and their own sages.

The complexity of contemporary scientific-technical and socioeconomic problems, opportunities, and interrelationships, and the distasteful but distinct prospect of a widening civilian and possibly military technology gap between the U.S.S.R. and the major Western industrial nations have already induced the Brezhnev administration to seek scientific and technical counsel from "responsible" members of all the major Soviet bureaucracies, and to include representatives of many of these bureaucracies in the Politburo. To be sure, most Soviet policy advisors and theorists will tell political leaders only what they want to hear. But, as noted earlier, Soviet social theorists are increasingly participating in the conceptualization of national goals (especially long-range goals), and there is a general broadening of specialized elite participation in the formulation and administration of current policies and in the monitoring of the scientific-technical, economic, and social consequences of these policies. Social scientists, for example, employing survey research techniques and working closely with and for Party and state agencies (including the KGB), play a growing role in the monitoring of public opinion on a wide variety of issues.

It is conceivable, then, that under conditions of the NTR, the expanded interaction between Soviet politicians and experts (scientists and specialists in complex military and industrial technologies, economists to a lesser extent, and social scientists least of all) will have a gradually increasing influence on the thinking, judgment, selection, and perhaps even the power of national political leaders. Today's members of the Politburo and Secretariat are aware that scientific and technical factors are of great importance in most areas of national policy

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and administration. They are also aware of the difficulties of "managing" persistent and potentially serious political, economic, and technological problems in a rapidly changing international economic and scientific-technical environment, and in a changing domestic socioeconomic environment. NUO theorists, many of whom view politics from a national rather than a regional or particularistic perspective, urge that only the most basic decisions be made at the center, and that technical expertise and pertinent social information be brought to bear on policy making and administration at all stages and levels, and in virtually all issue areas.

There will, of course, always be important organizational and economic sources of power other than scientific-technical expertise and information. Also, the inevitable disagreements among political leaders and among experts will enhance the autonomy of politicians vis-à-vis experts. Many of today's top Soviet leaders in the Politburo, Secretariat, and Central Committee (especially in the industrial departments) are highly trained experts in their own right, often with backgrounds in engineering. But, as the worldwide NTR develops, other scientific and technical skills (such as a minimal understanding of modern economic concepts) and new political and managerial abilities will be needed in the Soviet centers of power. Diverse technological, administrative, and political contributions are currently being made and will very probably continue to be made through greater consultation, co-optation, and direct representation in policy-making bodies. In the process, the Soviet leaders' perceptions of appropriate national policies and policy-making procedures have clearly been changing in the post-Stalin period. Their perspectives will continue to change, especially as top Party and state officials recognize more fully the need for new criteria and standards to evaluate "scientific," "rational," and "effective" political-administrative decisions and methods, and for planning and managment that is better informed and able to take advantage of new opportunities and to cope with new "problem situations" (Afanas'ev's term).

Far greater policy and institutional changes may be necessary in the future if there is to be a real NTR in the Soviet Union—that is, if the U.S.S.R. is to benefit from and contribute to what is at present a predominantly capitalist NTR. But it is also a distinct possibility—and a basic hope of many Soviet bureaucrats, which theories of the NTR reflect and sustain—that the U.S.S.R. will be able to master contemporary scientific and technological developments, enhance its status as a major world power, and promote economic and social progress (defined in

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Soviet terms, of course), by "modernizing" or "rationalizing" the essentials of the present political system.[19]

Hence, the development of a more "secularized ethos" in the ideological thinking and calculations of Soviet elites (John Michael Montias's apt phrase), and of new kinds of technocratic consciousness, is quite possible. To the extent that evolving forms of technical rationality continue to stress the importance of social and economic planning, theories of the NTR will play a major role in identifying trends and future conditions (maybe even formulating "scenarios"), clarifying the value trade-offs implicit in alternative courses of development, and reformulating ideological principles in anticipation of policy changes. Ideas about the NTR may also play a major justificatory role in legitimizing the changing but still predominant position of the Party in Soviet society. Furthermore, the distinctly instrumental theories of the NUO may have a considerable impact on the operative or pragmatic ideologies of Soviet leaders and officials—especially if new approaches (for instance, cost-benefit analysis) produce tangible economic results.

On the other hand, if failures mount and if "objective" or perceived pressures for change increase, the Politburo and Secretariat collectively (or important coalitions within it) are likely to widen consultation, broaden politically acceptable alternatives, and mobilize bureaucratic support for experimental new ideas that would affect scientific-technical, economic, and social planning and management. In an atmosphere of crisis, unorthodox ideas about the NTR and NUO might play a decisive role in shaping the perspectives of elites and national policy. The desire for political stability and the predisposition to resort to proven methods may still be strong in many quarters. But there will be a real and perceived need to think in new ways about the meaning of "stability," "societal management," and "centralized leadership," and a much greater awareness that some traditional practices and policies are becoming increasingly dysfunctional.

If failures persist (especially in the scientific-technical and economic areas), and if some Soviet leaders come to believe that these problems are insurmountable without major changes in institutional arrangements and in domestic and foreign policy, the influence of ideas about the NTR may be even greater. After all, perceptions of the possibilities of the NTR at home and of its achievements abroad will have played a notable role in adjusting the criteria and standards by which Soviet

[19] For a major dissident view, see Roy Medvedev, *On Socialist Democracy* (New York: Knopf 1975), esp. chap. 16.

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leaders judge scientific-technical, economic, and, to a lesser extent, political "success" and "failure." Depending on the nature of the new policy-making procedures and policies (such as greater mass participation in decision making and internal liberalization or repression), theories of the NTR could continue to perform important social functions of a primarily operative or justificatory nature, and could possibly reshape grand, as well as practical, ideology.

At present, political discourse in the Soviet Union stresses the centrality of an NTR, which seems to have become the frame of reference for defining situations, identifying problems, evaluating alternatives, rethinking policies on how to make policy, and advocating political-administrative actions. Soviet Party and state leaders perceive various linkages between scientific-technical and social change, and these linkages almost surely exist at the level of operative or practical ideology. Theories of the NTR probably influence or give expression to these various assumptions, conceptions, priorities, and hopes of Soviet leaders. At bottom, their ideas about the NTR are a sort of promise (to themselves and others) that political goals must continue to be paramount, that scientific and technical progress must be viewed in instrumental terms, and that technology must not be allowed to get out of control.

It is both a fact and an article of faith that the NTR is an agent of portentous change. Top Soviet political leaders and social theorists are exploring ways to cope with forces which they do not understand fully, but whose importance they clearly sense. Together they are working out methods of adjusting traditional values and procedures to an international scientific-technical revolution that is just beginning to influence, and to be influenced by, an emerging production revolution in the U.S.S.R. Increasingly present in the NTR literature is an awareness that current Soviet bureaucratic attitudes, beliefs, and practices—and possibly certain political values and institutional arrangements—must be creatively adapted to the NTR, and vice versa.

IV. Conclusion: Political Implications of Soviet Theories of "The Scientific-Technological Revolution"

Essentially, Soviet theories of the NTR attempt to reassess the fundamental characteristics and meaning of the contemporary era and to redefine the quality and nature of the changing situations in which the national leadership of the Party must act. Therefore, the initial Soviet efforts to theorize about the current social, technical, and production

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revolutions, and, above all, about their interrelationships (causal and "dialectical"), are potentially of considerable political and ideological significance. They may have very important short- and/or long-range practical implications.[20] Although the tentative conclusions of NTR and NUO theorists are in no sense binding on the political leadership, they may be influential in various ways.

Of particular importance are the perceptions of Soviet elites about reciprocal relationships among the three major kinds of revolutionary change; the senses in which they are revolutionary; the extent to which "nonantagonistic contradictions" build up pressures for change; and the degree to which these changes can be controlled in the short and long run. Also of importance is the question whether the latest, primarily Western modes of technocratic thought and production (for example, systems analysis, optimization theory, business management practices) impart or contain undesirable "capitalist" values, and whether they have risky or unacceptable political and cultural implications in the Soviet or East European contexts. Could a further social revolution or a new NTR be necessary in the future? If so, what forms might they take and what forces and trends will interact to produce them?

The answers to such questions are of immense political significance—especially if Soviet theories of scientific and technical change are not merely post facto justifications. The views of top Soviet leaders on the NTR and the future are likely to influence present-day choices. Social, economic, and scientific-technical progress necessitates effective decision making and planning, which in turn demand clear thinking about social and political goals and about how to progress from existing to desired conditions. Hence, alternative visions of the future (defined in the present) will quite probably help to shape the direction and nature of societal change.

Brezhnev made this point in his address to the 25th Party Congress in 1976.[21] He has repeatedly called for improved social and economic

[20] I shall not discuss here the question of legitimacy, and the potentially significant interconnections between the NTR and the changing bases of legitimacy and legitimation claims of the Soviet leadership. These issues are analyzed in Robbin Laird, "'Developed' Socialist Society and the Dialectics of Development and Legitimation in the Sov. + Union," *Soviet Union*, IV, No. 1 (1977), 130-49. See also Laird, "Post-Industrial Society: East and West," *Survey*, XXI, No. 4 (Autumn 1975), 1-17.

[21] Brezhnev noted that at the behest of top Party and government organs, "academic institutes, working together with ministries and departments," had prepared the draft of a "comprehensive program for scientific and technical progress and its social and economic effects for 1976-1990." He went on to say, "It is necessary to continue work on this program for it is an organic part of the current and long-term planning, providing the orientations (*orientiry*) without a knowledge of which the economy cannot be directed (*rukovodit'*) successfully." *Pravda*, February 25, 1976, p. 6.

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planning and forecasting, which is to be based on better statistics and extrapolation of current trends *and* a clearer, more comprehensive exposition of basic goals and ends-means relationships. Dzherman Gvishiani, deputy head of the State Committee on Science and Technology, has likewise often stressed the "inseparable" links among forecasting, planning, and management.[22] In short, the traditional Soviet ideological commitment to planning—coupled with the perceived "spontaneity" of elements of the NTR and the political necessity and challenge of "controlling" its socioeconomic consequences—may well induce the next generation of Soviet leaders to conceptualize national goals and to anticipate problems in even longer-range terms.

A particularly important question is whether and how the development of Marxist-Leninist theories of the NTR will influence the selection of Party policies and alter the basic institutional relationships and policy-making procedures of the Soviet political system. Contemporary scientific and technical advances and the ideas of the social theorists seem least likely to change the political leaders' cognitive orientations and basic values; they are somewhat more likely to change selected substantive policies and attitudes; and they are most likely to change specific policy-making methods and beliefs. The nature of political-administrative and socioeconomic discourse in the Soviet Union is still evolving. But a major shift in the values of the bureaucratic elites—produced by some kind of scientific or technological "imperative" or political or intellectual pressure from a group of social and economic theorists—does not seem either imminent or probable.

Bureaucratic groups dispute the meaning of the NTR because different ideas have different policy implications and practical consequences. In his speech to the 25th Party Congress, Brezhnev unmistakably implied that recent scientific and technological developments had changed the perspectives of high-level Soviet officials more than those of many of their subordinates.[23] Quite possibly, top Party leaders have been unable or unwilling to adjust the prevailing bureaucratic culture—especially the career incentive system—to accord with their evolving (albeit divergent) views on the need for various kinds of change. Moreover, the distinction between cybernetic ("goal-changing") and non-

[22] Gvishiani, *Organizatsiia i upravlenie* [Organization and Management] (2d ed., Moscow: Nauka 1972), 127-28.

[23] "The revolution in science and technique requires fundamental changes in the style and methods of economic work, a determined struggle against sluggishness (*kosnost'*) and red tape (*rutinerstvo*); *it requires true respect for science and the ability and desire to take advice from and reckon with science.*" *Pravda* (fn. 21), 6; emphasis added.

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cybernetic ("goal-seeking") feedback, for instance, has enormous policy import, especially in the Soviet context. Similarly, the emerging Soviet profession of "sociologists of science" has clear practical effects on the independence of physical scientists.[24] At present, Western scholars know very little about the politics of Soviet public statements on the NTR and NUO, but it is apparent that these ideas are not only part of the "ideological struggle" with the West, but are also an element in, and a means of conducting, internal political competition over power and policy.

In this regard, it is noteworthy that the editors of *Voprosy filosofii* have stressed "the great practical and political significance" of the NTR literature—especially "the practical value" of formulating a "descriptive, explanatory, and prognostic" theory of the interrelationships between the NTR and Soviet society.[25] But what is this pragmatic benefit—the more effective justification of current policies and policy-making methods, or the adjustment or significant alteration of these policies and procedures in accordance with changing official values and new expressions of traditional values? On this key point and numerous specifics, Soviet social theorists are much more reticent. To be sure, they stress the growing importance of political leadership in the present and future stages of "developed socialism" and make clear that the beliefs and attitudes of the top political leaders will and should undergo change. But the subject of the possibly changing values of Soviet elites is treated with the utmost circumspection in the books under review. Only in the conceptualizations of more "developed" forms of socialism are the present official goals, the gaps between theory and practice, and the basic characteristics of the current Soviet system *very implicitly* called into question.

Western scholars stress the need to study "the structure and process" of the interaction between society and technology, and the actual rela-

[24] See Linda Lubrano, *Soviet Sociology of Science* (Columbus, Ohio: American Association for the Advancement of Slavic Studies, 1976).

[25] *Voprosy filosofii*, No. 2 (1976), 38, 48, 51, 53; "Marksistsko-leninskaia teorii nauchno-tekhnicheskoi revoliutsii," *Voprosy filosofii*, No. 2 (1974), 9-10. The fact that the present composition of the editorial board of *Voprosy filosofii* is more "conservative" than it has been in the recent past would seem to strengthen my contention that the NTR literature should be taken seriously. When the present editors repeatedly stress "the great practical significance" of the "social-philosophical" studies of the NTR, it is more likely to reflect the official or predominant national Party position than it would have in, say, the early 1970's. Also, Gvishiani has pointedly asserted that the purpose of research on the NTR is "not only to publish monographs and articles, but to work out concrete suggestions, recommendations, and methods which planning organs, ministries, and departments can use." "Nauchno-tekhnicheskaia revoliutsiia i sotsial'nyi progress," *Voprosy filosofii*, No. 4 (1974), 8.

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tionships between technical innovations ("the part") and the larger social context in which they are used ("the whole").[26] Soviet theorists strongly agree in principle, but they (as well as Western analysts) often do not heed their own advice. Much Soviet forecasting and theorizing about the future is founded on questionable assumptions and inadequate consideration of existing conditions in the Soviet Union and elsewhere. Many Soviet writers base their analyses largely on the officially desired uses of technology and on ideologically prescribed values, tenets, and trends. To be sure, Soviet researchers have been conducting more empirically grounded, middle-range theoretical studies of the major Soviet bureaucracies in the past decade. But analysis of the relationships between new technology and organizational design and performance is not one of the strengths of this literature. Too often Soviet theorists have simply assumed that a homogeneous socialist society, Party, or state *is* generating scientific-technical innovations and *is* utilizing these opportunities exclusively for the public good. Problems of departmentalism, localism, coordination, bureaucratic competition, role conflict, and center-periphery relations deserve—and are beginning to receive—more serious analysis and integration into the literatures of the NTR and NUO.

"Images of the future,"[27] however, appear to be increasingly important elements in the thinking of the very highest Soviet leaders, and are of course central components of socialist theories of the NTR. In contrast to the utopian theorizing of the Khrushchev years, contemporary Soviet writers focus on the processes, not on the end results, of social change. That is, descriptions of a "developed socialist society" are now consistently linked to the analysis of the *transition* to "developed socialism"; as a consequence, the prescription and evaluation of goals and means are more closely intertwined. Soviet leaders expect social theorists to study the implications of existing scientific-technical and socioeconomic trends in order to deepen the leadership's understanding of desirable and feasible courses of action, and to offer practical recommendations (when requested) on how to bridge the gap between the ideal and the possible. Because of the emphasis on medium-range goals (to 1990) and on alternative methods of achieving them, the NTR

[26] See, for instance, William Leiss, "The Social Consequences of Technological Progress: Critical Comments on Recent Theories," *Canadian Public Administration*, XIII, No. 3 (1970), 252, 260 ff.

[27] This term is central to the analysis in Wendell Bell and James Mau, eds., *The Sociology of the Future: Theory, Cases, and Annoted Bibliography* (New York: Russell Sage Foundation 1971). For a discussion of Soviet views of the future during the Khrushchev years, see Jerome Gilison, *The Soviet Image of Utopia* (Baltimore: The Johns Hopkins Press 1975).

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literature may be growing in policy relevance. Even small cognitive or analytical adjustments today make cumulative and significant changes in the future possible.

Indeed, Soviet policies of the 1970's suggest that the actions of Party leaders have already been considerably shaped by their changing perceptions, expectations, and calculations about the complex phenomenon they term the NTR. A prime example is the grand design or overall set of coordinated domestic and foreign policy objectives detailed at the 24th Party Congress in 1971, key elements of which were détente with the United States and much greater technological borrowing from the highly industrialized Western nations. Many Western observers consider the present Soviet administration to be inflexible and lethargic; but they tend to overemphasize the importance of the remarkable continuity in institutional structures and top-level Party and state personnel, and they do not acknowledge the changes in the attitudes, perspectives, and beliefs of various kinds of officials and, to a lesser extent, in recent Soviet domestic and foreign policies and policy-making procedures. Some of these analysts also do not give sufficient consideration to the political changes that *may* take place in the U.S.S.R. in the not-too-distant future—many of which could be directly related to the theory and experience of the NTR as perceived by the next generation of Soviet leaders.

One may conclude that current Soviet political leaders are actively encouraging serious theorizing and research on contemporary scientific-technical and social change. The literature produced addresses itself to broad intellectual issues concerning technology and politics; it is performing evolving social and ideological functions; and it may be shaping, as well as justifying, present and future policy and administrative choices. Theories of the NTR, which are "ideological" in both senses noted above (that is, they can serve as "a guide to action" or post facto rationalization), have begun to play a significant part in Soviet political development. In the immediate future, these ideas will most likely motivate the Soviet "collective leadership" to pursue incremental kinds of change and to try to identify and control dimly perceived impersonal forces and trends. Ideas about the NTR will also influence or reflect the leaders' conceptualizations of political opportunities and constraints. The impact of the studies of "scientific management" will depend more heavily on their immediate pragmatic or instrumental value—perhaps especially to economic production executives. It is problematical whether a more unified and systematic theory of the NTR, which most Soviet and East European theorists can accept, will evolve. But it is reasonable

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to expect that more fully developed Marxist-Leninist theories of the NTR will emerge as the NTR itself develops. Thus, the major Soviet and East European efforts to theorize about the NTR and its social consequences—as exemplified in the books under review—deserve greater attention in the West for both scholarly and practical reasons.

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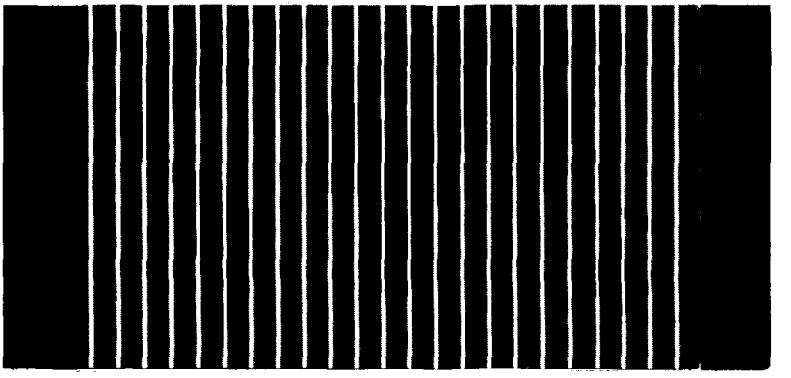

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